



**SuMi TRUST**  
SUMITOMO MITSUI TRUST GROUP

# Summary of Financial Results for 1HFY2016

November 21, 2016

“Financial results 1HFY2016 : Consolidated” (Page1 / “Major factors [change from 1HFY2015]” Note) and “Contribution of major group companies” (Page 3 / Note \*2) were revised.

November 14, 2016

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

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”

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

Financial indices per share

Indices regarding financial information per share such as “Net asset per 1 share,” “Dividends per 1 share,” are presented assuming that the consolidation of shares (one (1) share for every ten (10) shares) enacted on October 1, 2016, took place at the beginning of fiscal year ended March 31, 2016, for consistency purposes.

# Financial results 1HFY2016 : Consolidated

- ▶ Net business profit before credit costs: DOWN ¥10.6bn YoY to ¥146.1bn. Profit contribution from group companies increased, mainly from financial services, but net interest income and related profit and other items decreased at non-consolidated level
- ▶ Net income attributable to owners of the parent: UP ¥1.9bn YoY to ¥87.9bn. Improvement in net gains on stocks and other items.

| (Billions of yen)  |    | FY2015<br>1H | FY2016<br>1H | Change  |
|--|----|--------------|--------------|---------|
| Net business profit before credit costs                              | 1  | 156.7        | 146.1        | (10.6)  |
| (Contribution of group companies<br>before consolidated adjustments) | 2  | 35.4         | 37.7         | 2.2     |
| Gross business profit  | 3  | 338.5        | 340.6        | 2.1     |
| Net interest income and related profit                               | 4  | 124.1        | 97.0         | (27.1)  |
| Net fees and commissions and related profit                          | 5  | 177.2        | 196.1        | 18.9    |
| Net other operating profit   | 6  | 28.6         | 41.0         | 12.4    |
| General and administrative expenses                                  | 7  | (195.1)      | (206.8)      | (11.7)  |
| Net non-recurring profit, etc.                                       | 8  | (6.1)        | 3.6          | 9.7     |
| Ordinary profit  | 9  | 137.2        | 137.4        | 0.1     |
| Extraordinary profit   | 10 | (0.1)        | (1.6)        | (1.4)   |
| Income before income taxes   | 11 | 137.1        | 135.8        | (1.2)   |
| Total income taxes   | 12 | (44.4)       | (41.4)       | 3.0     |
| Net income attributable to owners of the parent                      | 13 | 86.0         | 87.9         | 1.9     |
| Total credit costs   | 14 | 0.0          | 0.7          | 0.7     |
| Net gains on stocks  | 15 | (1.5)        | 9.9          | 11.4    |
| Return on shareholders' equity                                       | 16 | 9.09%        | 8.79%        | (0.30%) |
| Dividend per common share (Yen)                                      | 17 | 65           | 65           | -       |
| Net assets per common shares (BPS) (Yen)                             | 18 | 6,248.25     | 6,190.16     | (58.09) |
| Earnings per share (EPS) (Yen)                                       | 19 | 222.83       | 229.45       | 6.62    |

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

- (1) Non-consolidated: ¥106.1bn
  - (2) Group companies: ¥37.7bn
  - (3) Effect of purchase accounting method: ¥(1.3)bn
- (\*) Adjustments, such as elimination of dividends from subsidiaries, were added to sum of (1), (2) and (3)

< Major factors [change from 1HFY2015] >

- (1) Net business profit before credit costs <1>: ¥(10.6)bn  
 Non-consolidated: ¥(14.7)bn [ ¥120.8bn → ¥106.1bn ]  
 Group companies: +¥2.2bn [ ¥35.4bn → ¥37.7bn ]  
 Effect of purchase accounting method: ¥(1.3)bn [ ¥0.0bn → ¥(1.3)bn ]
- (2) Contribution of group companies  
 before consolidation adjustments <2>: +¥2.2bn
  - Nikko Asset Management: ¥(2.0)bn
  - Sumitomo Mitsui Trust Asset Management: ¥(0.1)bn
  - Sumitomo Mitsui Trust Realty: +¥0.3bn
  - Sumitomo Mitsui Trust Panasonic Finance (Consolidated): +¥1.3bn
  - Sumitomo Mitsui Trust Loan & Finance: +¥0.5bn
  - SBI Sumishin Net Bank (Consolidated): ¥(0.5)bn
  - Sumitomo Mitsui Trust Club: +¥3.5bn

[ Gross business profit: +¥20.5bn, General and administrative expenses: ¥(16.9)bn ] (\*)

(\*) Became a consolidated entity from 3QFY2015

# Financial results 1HFY2016 : Non-consolidated

- ▶ Net business profit before credit costs: DOWN ¥14.7bn YoY to ¥106.1bn. General and administrative expenses decreased, but net interest income and related profit decreased mainly due to factors such as lower profit from international business
- ▶ Net income: UP ¥0.8bn YoY to ¥69.8bn. Improvement in net gains on stocks, decrease in total credit costs

|  | (Billions of Yen) | FY2015<br>1H | FY2016<br>1H | Change |
|--|-------------------|--------------|--------------|--------|
| Net business profit before credit costs                      | 1                 | 120.8        | 106.1        | (14.7) |
| Gross business profit  | 2                 | 239.7        | 221.5        | (18.1) |
| Net interest income and related profit                       | 3                 | 115.6        | 90.3         | (25.2) |
| Net fees and commissions and related profit                  | 4                 | 98.7         | 96.7         | (1.9)  |
| Net trading profit   | 5                 | 8.4          | 6.3          | (2.0)  |
| Net other operating profit                                   | 6                 | 16.8         | 28.0         | 11.1   |
| Net gains on foreign exchange transactions                   | 7                 | 5.0          | 14.2         | 9.2    |
| Net gains on bonds   | 8                 | 13.5         | 16.9         | 3.4    |
| Net gains from derivatives other than for trading or hedging | 9                 | (2.0)        | (3.6)        | (1.6)  |
| General and administrative expenses                          | 10                | (118.8)      | (115.4)      | 3.4    |
| Total credit costs   | 11                | (0.1)        | 2.6          | 2.7    |
| Other non-recurring profit                                   | 12                | (19.0)       | (7.5)        | 11.5   |
| Net gains on stocks  | 13                | (1.4)        | 10.1         | 11.6   |
| Amortization of net actuarial losses                         | 14                | (7.4)        | (14.2)       | (6.8)  |
| Ordinary profit  | 15                | 101.6        | 101.2        | (0.4)  |
| Extraordinary profit   | 16                | (0.6)        | (2.4)        | (1.7)  |
| Income before income taxes                                   | 17                | 100.9        | 98.7         | (2.1)  |
| Total income taxes   | 18                | (31.9)       | (28.8)       | 3.0    |
| Net income   | 19                | 69.0         | 69.8         | 0.8    |

## < Major factors [change from 1HFY2015] >

### (1) Net interest income and related profit <3>: ¥(25.2)bn

- Net interest income ¥(28.7)bn [ ¥111.1bn → ¥82.3bn ]
  - Domestic business ¥(10.5)bn [ ¥78.7bn → ¥68.1bn ]
  - Loan-deposit income ¥(2.4)bn [ ¥57.4bn → ¥55.0bn ]
  - Borrowed money from trust account ¥(3.4)bn [ ¥(4.4)bn → ¥(7.8)bn ] ←
  - International business ¥(18.1)bn [ ¥32.4bn → ¥14.2bn ]
    - Loan-deposit income ¥(0.4)bn [ ¥35.4bn → ¥34.9bn ]
    - Interest on securities ¥(6.7)bn [ ¥18.8bn → ¥12.1bn ]
    - Expense on NCDs ¥(5.0)bn [ ¥(5.4)bn → ¥(10.5)bn ] ←
    - Income/expense related to swaps ¥(4.9)bn [ ¥(10.6)bn → ¥(15.6)bn ] ←
- Trust fees +3.4¥bn [ ¥4.4bn → ¥7.9bn ] ←

Offset majority of the increase

### (2) Net fees and commissions and related profit <4>: ¥(1.9)bn

- Investment trust/Insurance related profit ¥(3.7)bn [ ¥33.7bn → ¥30.0bn ]
- Real estate brokerage fees ¥(0.3)bn [ ¥9.9bn → ¥9.5bn ]

### (3) Net gains on foreign exchange transactions <7>: +¥9.2bn

- Of which profit attributable to deployment of surplus foreign currency funds +¥5.7bn [ ¥0.9bn → ¥6.7bn ] ←

Offset part of the increase

### (4) Net gains on bonds <8>: +¥3.4bn

- Domestic bonds ¥(0.5)bn [ ¥1.9bn → ¥1.3bn ]
- Foreign bonds +¥4.0bn [ ¥11.5bn → ¥15.6bn ]

# Contribution of major group companies

- ▶ Contribution to net business profit before credit costs: UP ¥2.2bn YoY to ¥37.7bn, mainly due to increased profit contribution from financial services subsidiaries, but profit contribution from Nikko Asset Management decreased
- ▶ Contribution to net income attributable to owners of the parent : UP ¥1.9bn YoY to ¥23.5bn

|  | Net business profit before credit costs |              |        | Net income attributable to owners of the parent |              |        | Goodwill as of Sep. 2016 |                        |
|--|---|--------------|--------|---|--------------|--------|--------------------------|------------------------|
|  | FY2015<br>1H                            | FY2016<br>1H | Change | FY2015<br>1H                                    | FY2016<br>1H | Change | Amortization<br>amount   | Outstanding<br>balance |
| (Billions of yen)                                      |   |              |        |   |              |        |                          |                        |
| Consolidation difference                               | 35.9                                    | 40.0         | 4.0    | 16.9  | 18.0         | 1.0    | (5.8)                    | 107.0                  |
| Effect of purchase accounting method                   | 0.0                                     | (1.3)        | (1.3)  | 5.5   | 4.2          | (1.3)  | ---                      | ---                    |
| Contribution (before consolidated adjustments) (*1)    | 35.4                                    | 37.7         | 2.2    | 21.5  | 23.5         | 1.9    | (5.8)                    | 107.0                  |
| Sumitomo Mitsui Trust Asset Management                 | 3.2                                     | 3.1          | (0.1)  | 2.1   | 2.1          | 0.0    | ---                      | ---                    |
| Nikko Asset Management (Consolidated)                  | 6.5                                     | 4.5          | (2.0)  | 3.0   | 3.0          | (0.0)  | (*2) (2.4)               | (*2) 40.4              |
| Sumitomo Mitsui Trust Realty                           | 1.7                                     | 2.1          | 0.3    | 1.3   | 1.4          | 0.1    | ---                      | ---                    |
| Sumitomo Mitsui Trust Panasonic Finance (Consolidated) | 4.9                                     | 6.2          | 1.3    | 2.9   | 3.1          | 0.2    | ---                      | ---                    |
| Sumitomo Mitsui Trust Loan & Finance                   | 4.4                                     | 4.9          | 0.5    | 2.8   | 3.3          | 0.4    | (1.9)                    | 32.4                   |
| SBI Sumishin Net Bank (Consolidated)                   | 4.2                                     | 3.6          | (0.5)  | 2.7   | 2.3          | (0.3)  | ---                      | ---                    |
| Sumitomo Mitsui Trust Guarantee (Consolidated)         | 5.7                                     | 6.0          | 0.3    | 3.8   | 3.8          | (0.0)  | ---                      | ---                    |
| Sumitomo Mitsui Trust Club                             | ---                                     | 3.5          | 3.5    | ---   | 1.4          | 1.4    | (0.7)                    | 22.5                   |

(\*1) Contribution of group companies (before consolidation 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.)

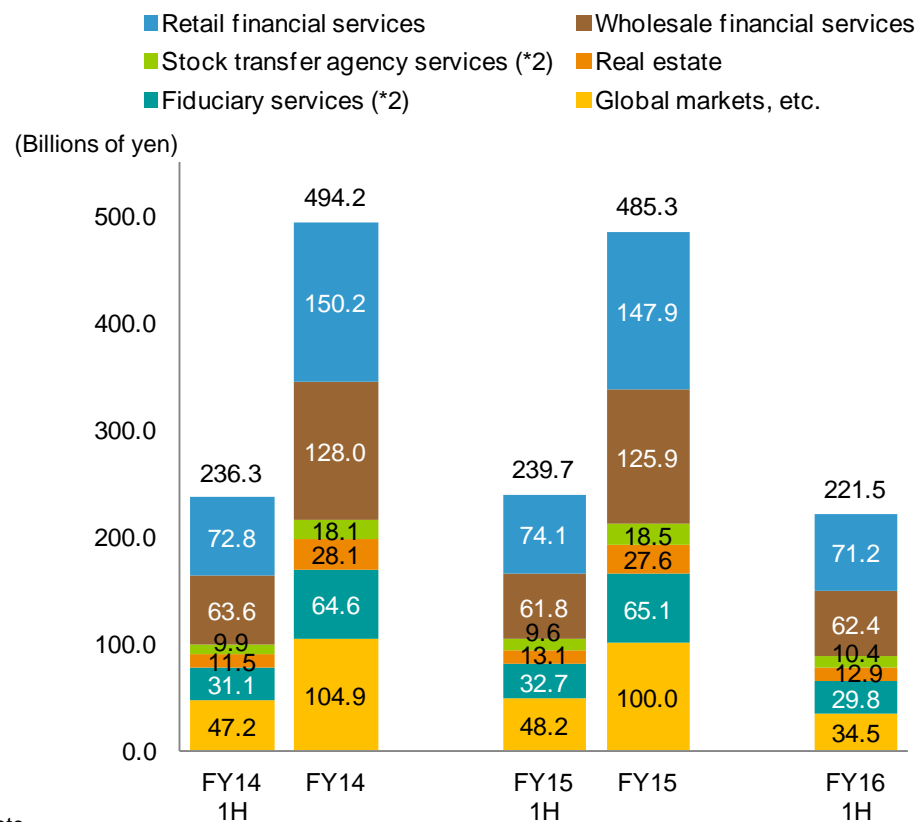
(\*2) Including ¥ 0.5bn of amortization amount and ¥0.2bn of outstanding balance from affiliated companies

# Profit by business segment: Non-consolidated

- ▶ Retail financial services: DOWN ¥2.8bn YoY, due primarily to decrease in sales volume of investment trust businesses and increase in costs related to deposits
- ▶ Wholesale financial services: UP ¥0.6bn YoY, increase in foreign currency funding cost was covered by increase in fee income related to credit business
- ▶ Fiduciary services: DOWN ¥2.8bn YoY, due primarily to decrease of AUM caused by dissolution of company pension plans, but more or less in line with forecast
- ▶ Global markets: DOWN ¥9.2bn YoY, though client transactions' profits were firm, interest income from bond investment decreased

| (Billions of yen)              | Gross business profit<br>(Non-consolidated) |              |               |
|--------------------------------|---|--------------|---------------|
|                                | FY2015<br>1H                                | FY2016<br>1H | Change        |
|                                | Retail financial services                   | 74.1         |               |
| Wholesale financial services   | 61.8  | 62.4         | 0.6           |
| Stock transfer agency services | 9.6   | 10.4         | 0.8           |
| Gross business profit          | 15.0  | 15.8         | 0.7           |
| Fees paid out for outsourcing  | (5.4)                                       | (5.3)        | 0.0           |
| Real estate                    | 13.1  | 12.9         | (0.1)         |
| Fiduciary services             | 32.7  | 29.8         | (2.8)         |
| Gross business profit          | 47.2  | 44.6         | (2.6)         |
| Fees paid out for outsourcing  | (14.4)                                      | (14.7)       | (0.2)         |
| Global markets                 | 44.9  | 35.7         | (9.2)         |
| Others (*1)                    | 3.2   | (1.1)        | (4.4)         |
| <b>Total</b>                   | <b>239.7</b>                                | <b>221.5</b> | <b>(18.1)</b> |

(\*1) Figures for "Others" include costs of capital funding, dividends of shares for strategic 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

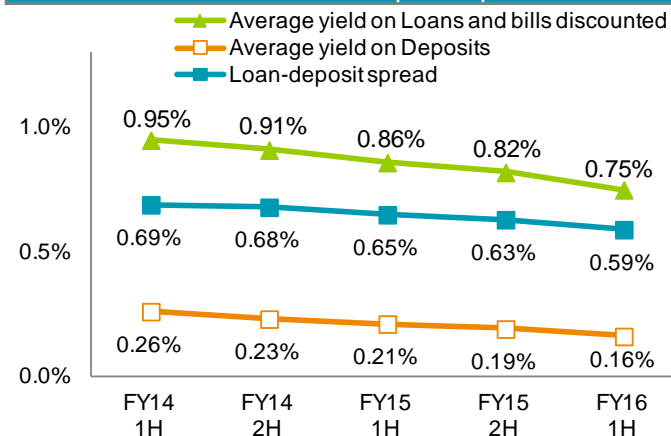
- ▶ Net interest income: DOWNS ¥28.7bn YoY to ¥82.3bn, due primarily to decreased income from international business, reflecting decreased interest income from securities and increased foreign currencies funding costs. (However, effective profit was DOWNS ¥19.4bn YoY, taking profit line items that should be categorized as interest income into consideration)
- ▶ Domestic loan-deposit spread for 1HFY2016 fell by 4bp from 2HFY2015. Decline in yield on loans and bills discounted was partially offset by decline in yield on deposits

|  | 1HFY2016        |                      |       |                      |                |                      |
|--|-----------------|----------------------|-------|----------------------|----------------|----------------------|
|  | Average balance | Change from 1HFY2015 | Yield | Change from 1HFY2015 | Income/Expense | Change from 1HFY2015 |
| (Average balance: Trillions of yen)<br>(Income/Expense: Billions of yen) |                 |                      |       |                      |                |                      |
| Net interest income  |                 |                      |       |                      | 82.3           | (28.7)               |
| Domestic business  |                 |                      | 0.40% | (0.12%)              | 68.1           | (10.5)               |
| Interest-earning assets  | 33.48           | 3.35                 | 0.61% | (0.15%)              | 102.7          | (12.5)               |
| Loans and bills discounted   | 19.62           | 1.18                 | 0.75% | (0.11%)              | 74.0           | (6.0)                |
| Securities   | 3.07            | 0.12                 | 1.47% | (0.31%)              | 22.7           | (3.6)                |
| Interest-bearing liabilities   | 32.57           | 3.00                 | 0.21% | (0.03%)              | (34.5)         | 2.0                  |
| Deposits   | 22.73           | 1.58                 | 0.16% | (0.05%)              | (19.0)         | 3.6                  |
| International business   |                 |                      | 0.26% | (0.27%)              | 14.2           | (18.1)               |
| Interest-earning assets  | 11.15           | (0.96)               | 1.26% | 0.13%                | 70.6           | 1.9                  |
| Loans and bills discounted   | 6.84            | (0.15)               | 1.48% | 0.23%                | 51.1           | 7.2                  |
| Securities   | 1.70            | (0.22)               | 1.42% | (0.53%)              | 12.1           | (6.7)                |
| Interest-bearing liabilities   | 11.16           | (0.72)               | 1.00% | 0.40%                | (56.4)         | (20.0)               |
| Deposits   | 3.96            | 0.23                 | 0.81% | 0.36%                | (16.1)         | (7.6)                |
| Loan-deposit spread / income   |                 |                      | 0.68% | (0.05%)              | 90.0           | (2.8)                |
| Domestic business  |                 |                      | 0.59% | (0.06%)              | 55.0           | (2.4)                |
| <Reference> Net interest income and related profit                       |                 |                      |       |                      | 90.3           | (25.2)               |
| Trust fees from principal guaranteed trust a/c                           |                 |                      |       |                      | 7.9            | 3.4                  |

## < Major factors [ change from 1HFY2015 ] >

- (1) Domestic business: ¥(10.5)bn [ ¥78.7bn → ¥68.1bn ]  
 Loan-deposit income : ¥(2.4)bn [ ¥57.4bn → ¥55.0bn ]  
 Securities: ¥(3.6)bn [ ¥26.3bn → ¥22.7bn ]  
 Investment trust related profit: ¥(2.8)bn [ ¥3.9bn → ¥1.1bn ]  
 Interest paid on borrowings from the trust account: ¥(3.4)bn [ ¥(4.4)bn → ¥(7.8)bn ]  
 → Offset part of decrease by Trust fees from principal guaranteed trust a/c [ ¥3.4bn ]
- (2) International business: ¥(18.1)bn [ ¥32.4bn → ¥14.2bn ]  
 Securities: ¥(6.7)bn [ ¥18.8bn → ¥12.1bn ]  
 Expense on NCDs: ¥(5.0)bn [ ¥(5.4)bn → ¥(10.5)bn ]  
 → Offset part of decrease by Net gains on foreign exchange transactions [ ¥5.7bn ]  
 Swaps : ¥(4.9)bn [ ¥(10.6)bn → ¥(15.6)bn ]

## Domestic loan-deposit spread





# (Reference) Additional information regarding net interest income

## Effective Interest Related Earnings (Non-consolidated)

| (Billions of yen) |  | FY2015<br>1H | FY2016<br>1H | Change |
|-------------------|--|--------------|--------------|--------|
|                   |  |              |              |        |
| 1                 | Net interest income                                | 111.1        | 82.3         | (28.7) |
| 2                 | Interest paid on borrowings from the trust account | (4.4)        | (7.8)        | (3.4)  |
| 3                 | Interest paid on foreign currency NCDs             | (5.4)        | (10.5)       | (5.0)  |

### < Related profit >

|   |   |     |     |     |
|---|---|-----|-----|-----|
| 4 | Trust fees from principal guaranteed trust a/c                      | 4.4 | 7.9 | 3.4 |
| 5 | Profit attributable to deployment of surplus foreign currency funds | 0.9 | 6.7 | 5.7 |

**Effective Interest Related Earnings (1+4+5) 6 116.6 97.1 (19.4)**

[ Change from 1HFY2015 ¥(19.4)bn : Domestic business ¥(7.1)bn,  
International business ¥(12.3) bn ]

### < Additional commentary about interest paid on borrowings

from the trust account (2.4) >

- ▶ Funds from trust account clients (trust assets) were lent to the banking account
- ▶ The banking account recognizes cost of these funds as borrowed money from the trust account, but is offset as an internal transaction overall

### < Additional commentary about interest paid on foreign currency NCDs (3.5) >

- ▶ Most of funds sourced through foreign currency NCDs were deployed as surplus funds
- ▶ Due to attractive rate differentials, surplus funds were invested in the forward foreign exchange market  
→ As a result, costs were recorded as interest paid, but profits were recognized as net gains on foreign exchange transactions

### Major factors of change

- Decrease of interest/dividend income on securities (International Business) approx. ¥7bn
- Deterioration of swap spread (International Business) approx. ¥5bn
- Decrease of investment trust related income (Domestic Business) approx ¥3bn
- Impact of NIRP (Domestic Business) approx. ¥5bn

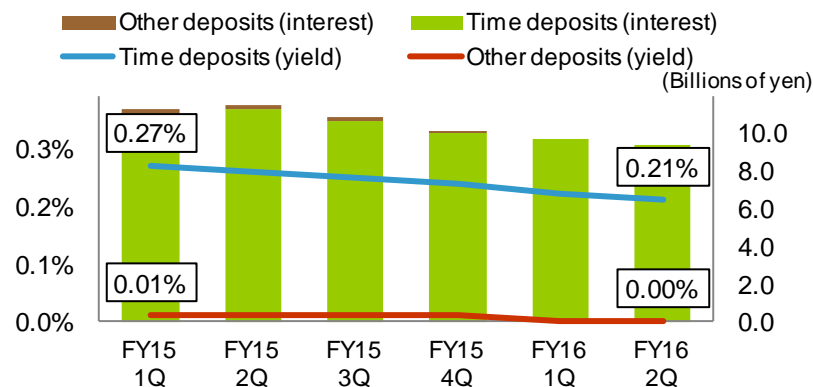
## Amount of BoJ current deposits

| (Trillions of yen)             | SuMi TRUST Bank |                       | JTSB      |                       |
|--------------------------------|-----------------|-----------------------|-----------|-----------------------|
|                                | Sep. 2016       | Change from Mar. 2016 | Sep. 2016 | Change from Mar. 2016 |
| Amount of BoJ current deposits | 9.1             | (2.2)                 | 9.9       | 4.4                   |
| Basic balance (+0.1%)          | 6.0             | (0.0)                 | 1.5       | (0.0)                 |
| Macro add-on balance (±0%)     | 1.8             | 0.4                   | 5.0       | 5.0                   |
| Policy-rate balance (- 0.1%)   | 1.2             | (2.6)                 | 3.3       | (0.5)                 |

### Main inflow channel

|                                   |      |       |     |       |
|-----------------------------------|------|-------|-----|-------|
| Deposits, NCD                     | 33.0 | (0.6) | 5.1 | 4.9   |
| Borrowed money from trust account | 3.4  | (3.5) | 5.5 | (1.0) |

## Domestic time deposit rate/interest paid (Non-consolidated)

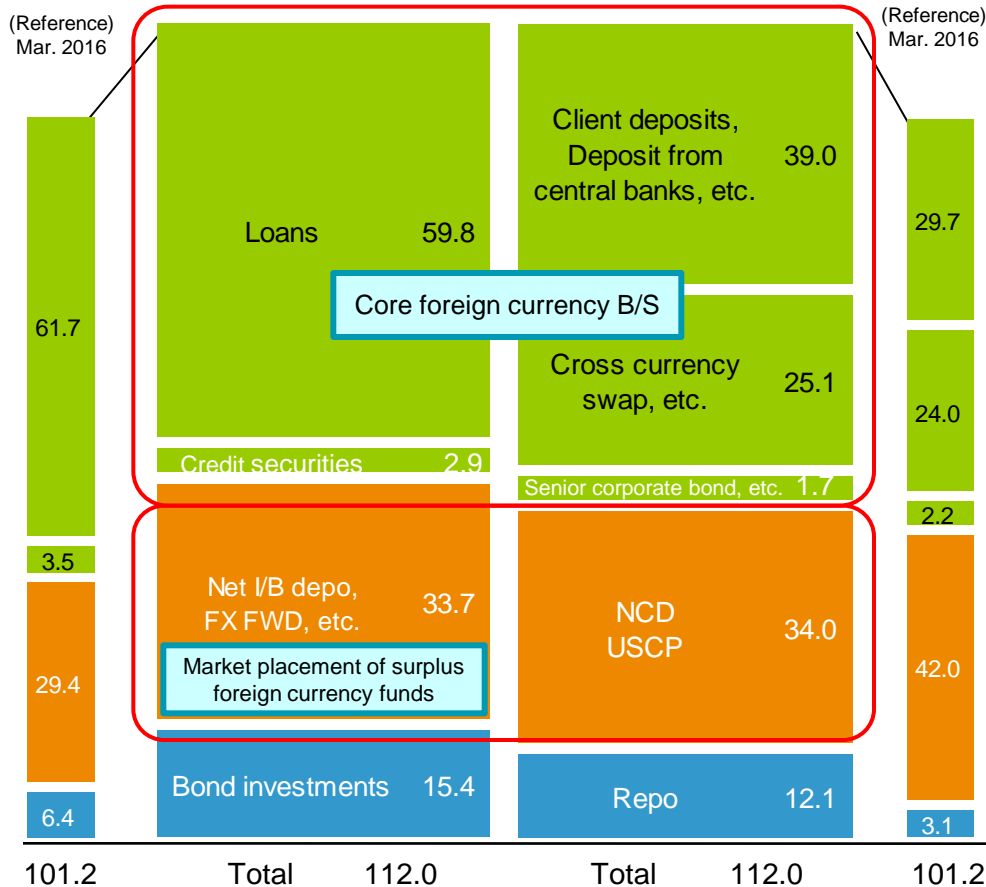




# (Reference) Status of Foreign Currency Funding

- ▶ Loans and credit securities constituting core foreign currency denominated assets, are funded by “sticky” client deposits and central bank deposits as well as “long term” yen swaps and senior bonds issuance. (Core foreign currency B/S)
- ▶ Short term funds sourced through NCD/USCP markets are categorized as contingent funding buffer for foreign currency B/S, and the funds are utilized in the inter-bank or foreign exchange market (Market placement of surplus funds)

Foreign currency B/S (as of Sep. 2016) (Billions of USD)

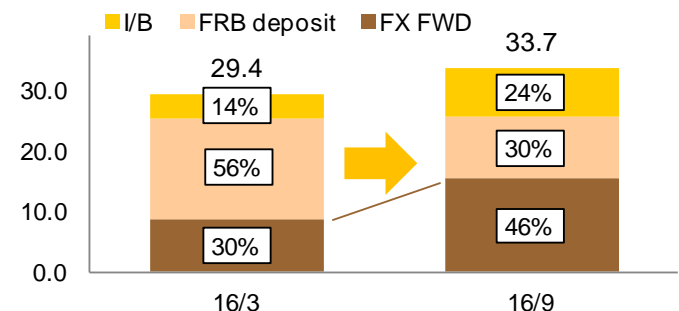


## Core foreign currency B/S (Diversification of funding channel and source)

- ◆ Increase of client deposit base through overseas branches (2016/3 US\$18.3bn→2016/9 US\$24.5bn)
- ◆ Issuance of US\$ denominated senior notes (October 2016) (Term: 3years, Total issue US\$ 1bn)

## Market placement of surplus foreign currency funds

- ◆ Reform of US MMF market regulations led to increased funding cost for US\$, short term funding through NCD/USCP market was managed conservatively
- ◆ Strong US\$ funding needs in domestic market led to increased share of forward foreign exchange transactions for utilization of US\$ surplus funds (2016/3 30%→2016/9 46%) → Posted “Gains on foreign exchange transactions” of ¥6.7bn as a result of these transactions



# Total credit costs and problem assets

- ▶ Total credit costs (Consolidated): Reversal of ¥0.7bn due primarily to problem debt recovered from some obligors in addition to decrease in amount of problem assets. Incidence of new problem assets remained at low level
- ▶ NPL ratio (Non-consolidated): 0.3%, remained same level with Mar. 2016
- ▶ Coverage ratio to problem assets was 91.2%, maintaining a prudent level

| < Total credit costs ><br>(Billions of yen) | FY2015 |        | FY2016 | Major factors (1HFY2016)   |
|---|--------|--------|--------|--|
|   | 1H     | 2H     | 1H     |  |
| Total credit costs (Non-Consolidated)       | (14.1) | (14.0) | 2.6    | Downgraded: Approx. (1.0)bn<br>Upgraded: Approx. +1.0bn<br>Decrease in loan balance, etc. (Including recoveries): Approx. +2.5bn |
| General allowance for loan losses           | (6.3)  | (8.3)  | 0.3    |  |
| Specific allowance for loan losses          | (2.9)  | (2.6)  | 1.4    |  |
| Recoveries of written-off claims            | 1.8    | 1.3    | 1.2    |  |
| Losses on sales of claims, written-off      | (6.6)  | (4.3)  | (0.3)  |  |
| Total credit costs (Group companies)        | (11.7) | (11.9) | (1.8)  |  |
| Total                                       | (25.9) | (25.9) | 0.7    |  |

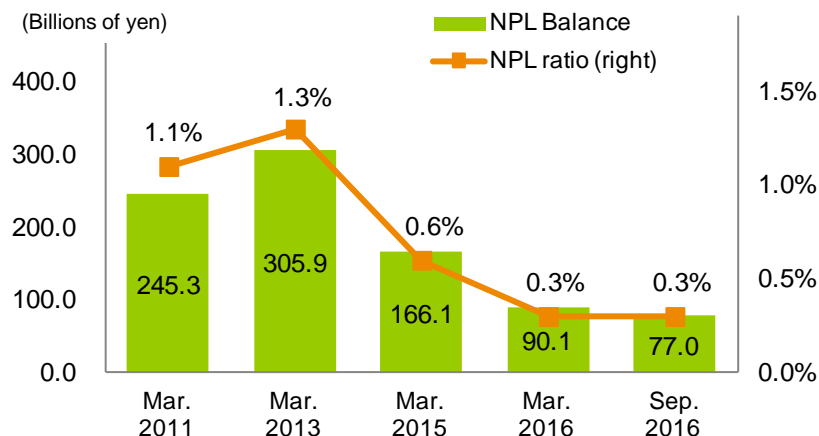
## < Problem assets based on the Financial Reconstruction Act (Non-consolidated) >

| (Billions of yen)                 | Sep. 2016  | Coverage ratio (*1) | Allowance ratio (*2) | Change from Mar. 2016 |
|-----------------------------------|--|---------------------|----------------------|-----------------------|
|                                   | Problem assets based on the Financial Reconstruction Act | 77.0                | 91.2%                | 62.7%                 |
| Ratio to total loan balance       | 0.3%   | ---                 | ---                  | (0.0%)                |
| Bankrupt and practically bankrupt | 9.9  | 100.0%              | 100.0%               | (2.0)                 |
| Doubtful                          | 36.9   | 89.4%               | 63.4%                | (8.0)                 |
| Substandard                       | 30.1   | 90.6%               | 23.5%                | (3.1)                 |
| Other special mention debtors     | 377.6  | ---                 | ---                  | 9.3                   |
| Ordinary assets                   | 27,262.8   | ---                 | ---                  | 57.9                  |
| Total balance                     | 27,717.4   | ---                 | ---                  | 54.0                  |

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

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

## Total balance and ratio of NPL



# Securities portfolio and interest rate risk

- ▶ Cost of available-for-sale securities (Consolidated): UP ¥424.2bn from Mar. 2016 to ¥4,186.2bn due primarily to increase in US Treasuries
- ▶ Unrealized gains of available-for-sale securities (Consolidated): DOWN ¥73.2bn from Mar. 2016 to ¥602.3bn due to fall in Japanese stocks
- ▶ Risk of strategic-shareholdings is planned to be reduced, utilizing hedge transactions as well

## <Securities with fair value (Consolidated)>

| (Billions of yen)                | Costs     |                       | Unrealized gains/losses |                       |
|----------------------------------|-----------|-----------------------|-------------------------|-----------------------|
|                                  | Sep. 2016 | Change from Mar. 2016 | Sep. 2016               | Change from Mar. 2016 |
| Available-for-sale securities    | 4,186.2   | 424.2                 | 602.3                   | (73.2)                |
| Japanese stocks                  | 690.4     | (4.1)                 | 551.2                   | (54.7)                |
| Japanese bonds                   | 967.4     | (337.5)               | 1.3                     | (0.3)                 |
| Others                           | 2,528.4   | 765.8                 | 49.7                    | (18.1)                |
| Held-to-maturity debt securities | 396.5     | (24.0)                | 33.0                    | (3.8)                 |

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

|  |         |         |        |        |
|--|---------|---------|--------|--------|
| Available-for-sale securities          | 4,125.5 | 440.0   | 622.7  | (73.9) |
| Japanese stocks                        | 663.4   | (3.7)   | 575.9  | (55.0) |
| Japanese bonds                         | 984.8   | (330.7) | (0.3)  | (1.5)  |
| Government bonds                       | 258.9   | (310.9) | 0.0    | (1.2)  |
| Others                                 | 2,477.3 | 774.5   | 47.1   | (17.4) |
| Domestic investment (*1)               | 108.9   | (11.3)  | 2.0    | (0.2)  |
| International investment (*1)          | 1,663.8 | 707.1   | (10.0) | (17.8) |
| US Treasury                            | 1,301.0 | 797.9   | (10.3) | (16.4) |
| Others (Investment trust, etc.) (*2)   | 704.5   | 78.7    | 55.0   | 0.6    |
| for hedging of strategic shareholdings | 530.2   | -       | 55.3   | 2.6    |

(\*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  | 312.1 | (20.0) | 33.0 | (3.8) |
| Government bonds                  | 165.1 | (25.1) | 24.1 | (0.1) |
| International investment (*1, *3) | 100.5 | 0.8    | 8.3  | (3.7) |

(\*3) Unamortized balance of unrealized loss on overseas asset-backed securities which were reclassified from AFS to HTM during FY2008 (Sep. 2016: (6.9)bn yen, Mar. 2016: (11.5)bn yen)

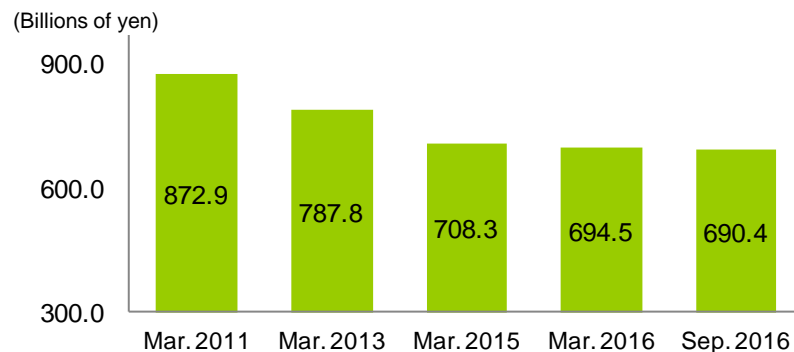
## Securities portfolio of Global markets (Non-consolidated) (\*4)

| (Billions of yen) | 10BPV (*5) |                       | Duration (years) (*5) |                       |
|-------------------|------------|-----------------------|-----------------------|-----------------------|
|                   | Sep. 2016  | Change from Mar. 2016 | Sep. 2016             | Change from Mar. 2016 |
| JPY               | 2.0        | (0.3)                 | 4.8                   | 1.5                   |
| Others            | 11.2       | 7.9                   | 8.8                   | 3.3                   |

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

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

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



| (Billions of yen)                           | FY2015 |      | FY2016 |
|---|--------|------|--------|
|   | 1H     | 2H   | 1H     |
| Reduction amount of strategic shareholdings | 5.3    | 12.3 | 17.6   |
|   |        |      | 5.1    |

(Note) Accumulated amount of reduction from FY2011 to FY2015: ¥214.1bn

(\*6) Cost of listed shares

# Forecast for FY2016

- ▶ Net business profit before credit costs (Consolidated): Unchanged from April 2016
- ▶ Ordinary profit (Consolidated): UP ¥10.0bn from April 2016, taking improvement in total credit costs (Non-consolidated) into account
- ▶ Net income attributable to owners of the parent / Full year dividend on common share: Forecast of net income attributable to owners of the parent of ¥170.0bn, dividend of 130yen per share (after share consolidation) based on Policy on shareholder return, aiming to maintain consolidated dividend payout ratio of approximately 30%, both remain unchanged from April 2016

## < Consolidated >

| (Billions of yen)                               | FY2016         |                    | Change from FY2015 |
|---|----------------|--------------------|--------------------|
|   | 1H<br>(Actual) | Full<br>(Forecast) |                    |
| Net business profit before credit costs         | 146.1          | 300.0              | (18.3)             |
| Ordinary profit                                 | 137.4          | 265.0              | (13.0) [1]         |
| Net income attributable to owners of the parent | 87.9           | 170.0              | 3.0                |
| Total credit costs                              | 0.7            | (15.0)             | 10.9 [1]           |
| Dividend per common share (Yen) (*)             | 65             | 130                | ±0                 |
| Consolidated dividend payout ratio              | ---            | 29.3%              | (0.7%)             |

## < Non-consolidated >

|   |       |        |            |
|---|-------|--------|------------|
| Net business profit before credit costs | 106.1 | 225.0  | (24.1)     |
| Ordinary profit                         | 101.2 | 200.0  | (18.8) [2] |
| Net income                              | 69.8  | 135.0  | (8.1)      |
| Total credit costs                      | 2.6   | (10.0) | 4.1 [2]    |

(\*) Net asset per share of SuMi TRUST Holdings' common stock is presented assuming that the consolidation of shares at a ratio of 1 share for 10 shares enacted on October 1, 2016, took place at the beginning of fiscal year ended March 31, 2016.

## < Major factors:

Change from initial forecast at beginning of FY2016 >

[Consolidated]

[1] Ordinary profit: +¥10.0bn [ ¥255.0bn → ¥265.0bn ]

• Total credit costs: +¥15.0bn [ ¥(30.0)bn → ¥(15.0)bn ]

• Other non-recurring profit: ¥(5.0)bn [ ¥(35.0)bn → ¥(40.0)bn ]

[Non-consolidated]

[2] Ordinary profit: +¥15.0bn [ ¥185.0bn → ¥200.0bn ]

• Total credit costs: +¥15.0bn [ ¥(25.0)bn → ¥(10.0)bn ]

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

- ▶ Sales of insurance products were in line with previous year, but sales of investment trusts/discretionally investments fell substantially due to wait-and-see attitude of investors, and total sales volume was around 60% of previous year
- ▶ Earnings decreased by ¥3.7bn YoY to ¥30.0bn, though administration fees maintained last year's level, fee revenue from sales of new investment trusts decreased. Recurring fee ratio (administration fees/total income) rose to 50%

### Income (Non-consolidated)

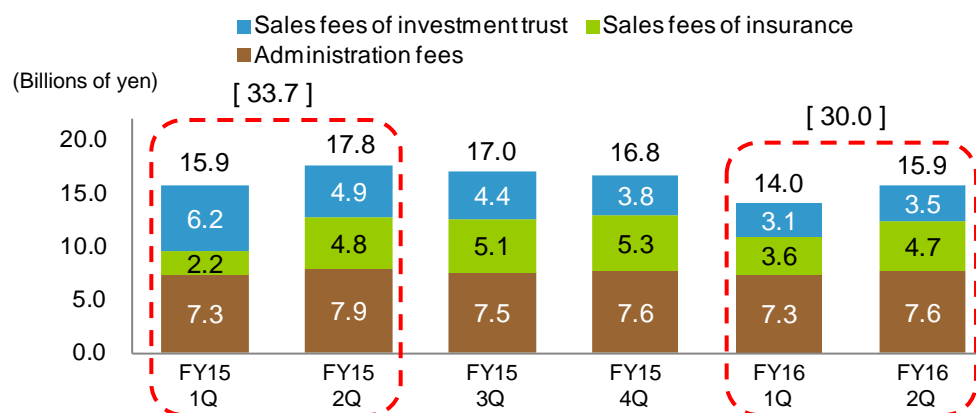
| (Billions of yen)              | FY2015<br>1H | FY2016<br>1H | Change |
|--------------------------------|--------------|--------------|--------|
| Income total                   | 33.7         | 30.0         | (3.7)  |
| Sales fees of investment trust | 11.2         | 6.6          | (4.5)  |
| Sales fees of insurance        | 7.1          | 8.3          | 1.1    |
| Administration fees            | 15.3         | 14.9         | (0.3)  |

### Sales Volume/balance (Non-consolidated)

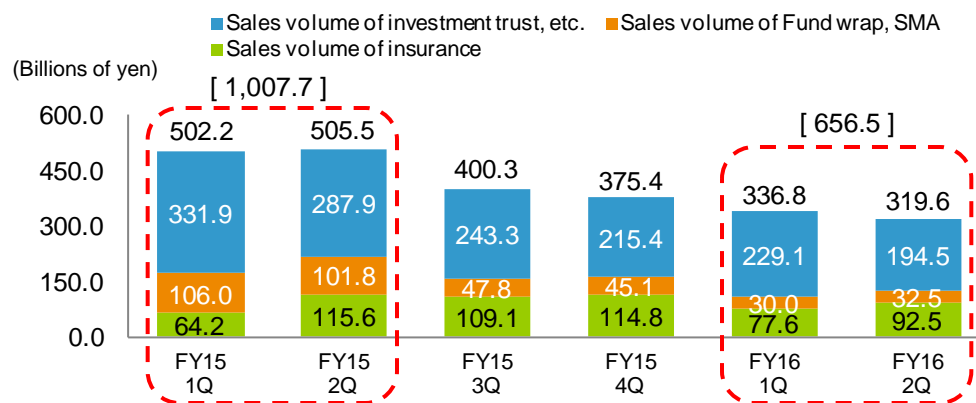
| (Billions of yen)  | FY2015<br>1H | FY2016<br>1H | Change  |
|--------------------|--------------|--------------|---------|
| Sales volume total | 1,007.7      | 656.5        | (351.1) |
| Investment trust   | 619.9        | 423.7        | (196.1) |
| Fund wrap, SMA     | 207.9        | 62.6         | (145.2) |
| Insurance          | 179.9        | 170.2        | (9.7)   |

| (Billions of yen) | Mar. 2016 | Sep. 2016 | Change |
|-------------------|-----------|-----------|--------|
| Balance total     | 5,803.8   | 5,754.9   | (48.8) |
| Investment trust  | 2,649.7   | 2,610.2   | (39.4) |
| Fund wrap, SMA    | 848.3     | 808.4     | (39.9) |
| Insurance         | 2,305.7   | 2,336.2   | 30.5   |
| Wrap selection    | 1,587.0   | 1,582.5   | (4.4)  |

### Income (Non-consolidated) (quarterly)



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



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

- ▶ AUM: AUM of subsidiaries increased due to inflow of new funds, but AUM for the group fell by ¥1.8 trillion to ¥74.7 trillion due to yen appreciation, fall in market value of stocks and dissolution of company employees' pension funds (DB add-on tier, Kosei-nenkin-kikin) affecting the AUM of the bank
- ▶ Profit of the bank decreased by ¥2.8bn YoY due to fall in AUM from the reasons noted above, but is line with initial business plan

## Assets under management (AUM) (\*1)

| (Trillions of yen)                     | Mar. 2016 | Sep. 2016 | Change |
|--|-----------|-----------|--------|
| Assets under management (AUM)          | 76.6      | 74.7      | (1.8)  |
| SuMi TRUST Bank                        | 51.0      | 48.4      | (2.5)  |
| Corporate pension trust                | 15.9      | 14.5      | (1.3)  |
| Public pension trust                   | 10.4      | 9.6       | (0.7)  |
| Discretionary investment               | 24.6      | 24.1      | (0.4)  |
| Subsidiaries                           | 25.6      | 26.2      | 0.6    |
| Sumitomo Mitsui Trust Asset Management | 8.1       | 8.4       | 0.2    |
| Nikko Asset Management                 | 17.4      | 17.8      | 0.4    |

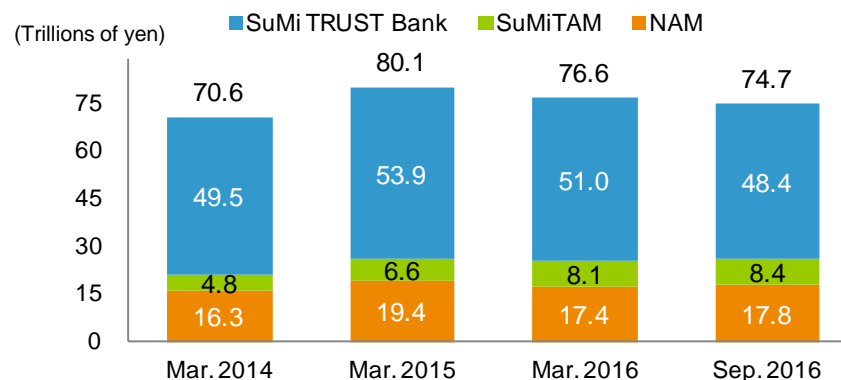
(\*1) Figures of AUM for Nikko Asset Management is preliminary basis

## Income

| (Billions of yen)                             | FY2015<br>1H | FY2016<br>1H | Change |
|---|--------------|--------------|--------|
| SuMi TRUST Bank                               | 32.7         | 29.8         | (2.8)  |
| Gross business profit                         | 47.2         | 44.6         | (2.6)  |
| Fees paid out for outsourcing                 | (14.4)       | (14.7)       | (0.2)  |
| Group companies<br>(Net business profit) (*2) | 10.9         | 8.5          | (2.4)  |
| Sumitomo Mitsui Trust Asset Management        | 3.2          | 3.1          | (0.1)  |
| Nikko Asset Management                        | 6.5          | 4.5          | (2.0)  |

(\*2) Contribution to consolidated

## Assets under management (AUM) by company



|          |          |          |          |          |
|----------|----------|----------|----------|----------|
| USD/ JPY | 102.90   | 120.18   | 112.63   | 101.12   |
| TOPIX    | 1,202.89 | 1,543.11 | 1,347.20 | 1,322.78 |

## Assets under custody (AUC)

| (Trillions of yen)             | Mar. 2016 | Sep. 2016 | Change |
|--------------------------------|-----------|-----------|--------|
| Domestic entrusted assets (*3) | 236       | 246       | 9      |
| (Billions of USD)              |           |           |        |
| Global custody assets (*4)     | 273.9     | 309.4     | 35.4   |
| Fund administration            | 26.0      | 30.3      | 4.3    |

(\*3) Total trust assets of the group companies

(\*4) Combined figures of Sumitomo Mitsui Trust Bank (U.S.A.) and Sumitomo Mitsui Trust (UK)

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

- ▶ Real estate brokerage fees from corporate clients (SuMi TRUST Bank): Remained at ¥9.5bn, kept same level on YoY
- ▶ Real estate brokerage fees from retail clients (Sumitomo Mitsui Trust Realty): UP ¥1.0bn YoY to ¥8.9bn with continuing good performance

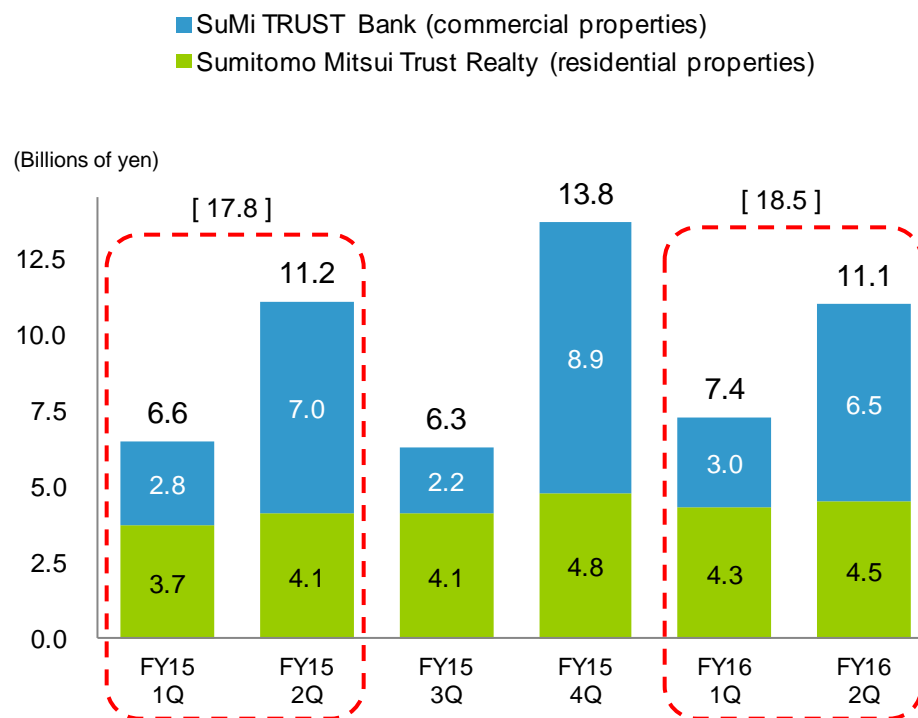
### Income (Group basis)

| (Billions of yen)            | FY2015<br>1H | FY2016<br>1H | Change |
|------------------------------|--------------|--------------|--------|
| Real estate brokerage fees   | 17.8         | 18.5         | 0.6    |
| SuMi TRUST Bank              | 9.9          | 9.5          | (0.3)  |
| Sumitomo Mitsui Trust Realty | 7.9          | 8.9          | 1.0    |
| Real estate trust fees, etc. | 3.1          | 3.1          | 0.0    |
| Net other real estate profit | 0.7          | 1.4          | 0.6    |
| SuMi TRUST Bank              | 0.1          | 0.3          | 0.1    |
| Group companies              | 0.6          | 1.1          | 0.5    |
| Total                        | 21.7         | 23.0         | 1.3    |
| SuMi TRUST Bank              | 13.1         | 12.9         | (0.1)  |

### Assets under management / administration

| (Billions of yen)                 | Mar. 2016 | Sep. 2016 | Change  |
|-----------------------------------|-----------|-----------|---------|
| Securitized real estate           | 13,148.6  | 13,510.9  | 362.3   |
| Assets under custody from J-REITs | 10,645.2  | 11,153.3  | 508.1   |
| Assets under management           | 839.6     | 660.5     | (179.1) |
| Private placement funds           | 436.5     | 447.9     | 11.3    |
| J-REITs                           | 403.0     | 212.6     | (190.4) |

### Real estate brokerage fees (quarterly)





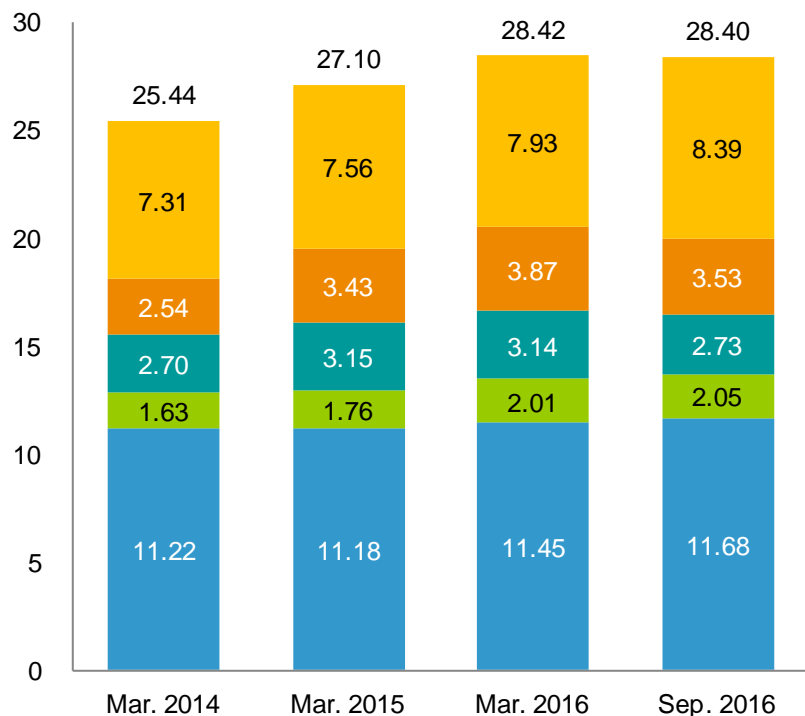
# Enhancement of fundamental earning power: Credit portfolio

► Balance of overall credit portfolio: Maintained end of March 2016 level at ¥28.40tr, whereas residential mortgage loans increased, the portfolio reduced due to appreciation of JPY and conservative management of foreign currency assets

## Credit portfolio

- Loans to individuals
- Overseas Japanese borrowers
- Large corporations, etc.
- Non-Japanese borrowers
- Real estate NRL, etc. (\*1)

(Trillions of yen)



(\*1) Excluding overseas real estate NRL etc.

## Advanced amount and balance (Non-consolidated)

|   | (Billions of yen) |           | Change |
|---|-------------------|-----------|--------|
|   | FY2015 1H         | FY2016 1H |        |
| Advanced amount of loans to individuals | 453.3             | 905.1     | 451.7  |
| Residential mortgage loans              | 408.4             | 844.2     | 435.8  |

|                                 | (Billions of yen) |           | Change |
|---------------------------------|-------------------|-----------|--------|
|                                 | Mar. 2016         | Sep. 2016 |        |
| Balance of loans to individuals | 7,932.1           | 8,393.1   | 461.0  |
| Residential mortgage loans      | 7,422.1           | 7,861.4   | 439.3  |

## Balance of credit to non-Japanese / overseas Japanese borrowers(\*2)

|                             | (Billions of yen) |           | Change  |
|-----------------------------|-------------------|-----------|---------|
|                             | Mar. 2016         | Sep. 2016 |         |
| Non-Japanese borrowers      | 3,877.8           | 3,532.8   | (345.0) |
| Loans                       | 3,461.4           | 3,199.9   | (261.5) |
| Overseas Japanese borrowers | 3,146.1           | 2,738.7   | (407.3) |
| Loans                       | 3,035.7           | 2,660.8   | (374.8) |
| Total                       | 7,024.0           | 6,271.6   | (752.3) |
| Loans                       | 6,497.1           | 5,860.7   | (636.3) |
| USD/JPY                     | 112.63            | 101.12    | (11.51) |

(\*2) In addition to the above, there are acceptance and guarantee, etc.  
Sep. 2016: ¥17.1bn [ ¥(3.1)bn from Mar. 2016 ]

# Capital

- ▶ Common Equity Tier 1 capital ratio: Maintained March 2016 level of 11.34%. Though retained earnings increased, unrealized profit of “other securities” decreased due to fall in stock prices.
- ▶ Common Equity Tier 1 capital ratio (Consolidated, Fully-loaded basis, pro forma): down 0.21 percentage points from Mar. 2016 to 11.47%

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

| (Billions of yen)                  | Mar. 2016 | Sep. 2016 Preliminary | Change     |
|------------------------------------|-----------|-----------------------|------------|
| Total capital ratio                | 16.75%    | 17.01%                | 0.26%      |
| Tier 1 capital ratio               | 13.36%    | 13.86%                | 0.50%      |
| Common Equity Tier 1 capital ratio | 11.36%    | 11.34%                | (0.02%)    |
| Total capital                      | 3,026.7   | 3,087.2               | 60.5       |
| Tier 1 capital                     | 2,415.3   | 2,515.1               | 99.7       |
| Common Equity Tier 1 capital       | 2,053.8   | 2,057.7               | 3.9 (1)    |
| Instruments and reserves           | 2,204.2   | 2,221.2               | 17.0       |
| Regulatory adjustments             | (150.4)   | (163.5)               | (13.0)     |
| Additional Tier 1 capital          | 361.5     | 457.4                 | 95.8 (2)   |
| Tier 2 capital                     | 611.3     | 572.0                 | (39.2) (3) |
| Total risk-weighted assets         | 18,065.8  | 18,141.3              | 75.4       |
| Credit risk                        | 16,541.1  | 16,649.1              | 107.9 (4)  |
| Market risk                        | 573.0     | 531.1                 | (41.9)     |
| Operational risk                   | 951.6     | 961.0                 | 9.4        |

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

|   |          |          |         |
|---|----------|----------|---------|
| Common Equity Tier 1 capital ratio          | 11.68%   | 11.47%   | (0.21%) |
| Common Equity Tier 1 capital                | 2,103.9  | 2,073.3  | (30.6)  |
| Accumulated other comprehensive income (*1) | 410.1    | 345.2    | (64.9)  |
| Total risk-weighted assets                  | 18,012.7 | 18,072.8 | 60.0    |

•Fully-loaded basis: Calculation without considering transitional arrangements concerning “Regulatory adjustments.”

(\*1) Valuation differences on Available-for-Sale Securities (Sep. 2016): ¥419.3bn

## < Major factors of change in capital >

### (1) Common Equity Tier 1 capital: +¥3.9bn

- Net income: +¥87.9bn
- Dividends and repurchase of own shares: ¥(31.7)bn
- Accumulated other comprehensive income: ¥(38.9)bn  
Valuation differences on Available-for-Sale Securities: ¥(28.8)bn

### (2) Additional Tier 1 capital: +¥95.8bn

- Perpetual subordinated debt: +¥100.0bn

### (3) Tier 2 capital: ¥(39.2)bn

- Subordinated debts: ¥(17.7)bn

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

### (4) Credit risk: +¥0.1tr

- Decrease in book value of foreign-currency-denominated assets due to JPY appreciation
- Increase in loans to domestic large corporations and residential mortgages, etc.

## < Other ratios required in prudential regulations > (Consolidated)

| (Billions of yen)                | Sep. 2016 Preliminary | Chg. frm. Mar. 2016 |
|----------------------------------|-----------------------|---------------------|
| Leverage ratio                   | 4.08%                 | 0.08%               |
| Tier 1 capital                   | 2,515.1               | 99.7                |
| Total exposure                   | 61,631.9              | 1,249.1             |
| Liquidity coverage ratio (*2)    | 122.8%                | (17.1%)             |
| Total high-quality liquid assets | 21,700.2              | 4,014.8             |
| Net cash outflows                | 17,668.2              | 4,568.3             |

(\*2) Average of month end figures in 2QFY2016.

"Change from Mar. 2016" represents the comparison to figure for 4QFY2015 calculated in the same manner