



SuMi TRUST
SUMITOMO MITSUI TRUST GROUP

Investor Meeting on Financial Results for FY2016

May 26, 2017

“(Reference) Medium term profit target by business segment” (Page30) and
“Global Markets: Outline” (Page51) were revised.

May 19, 2017

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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”

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.

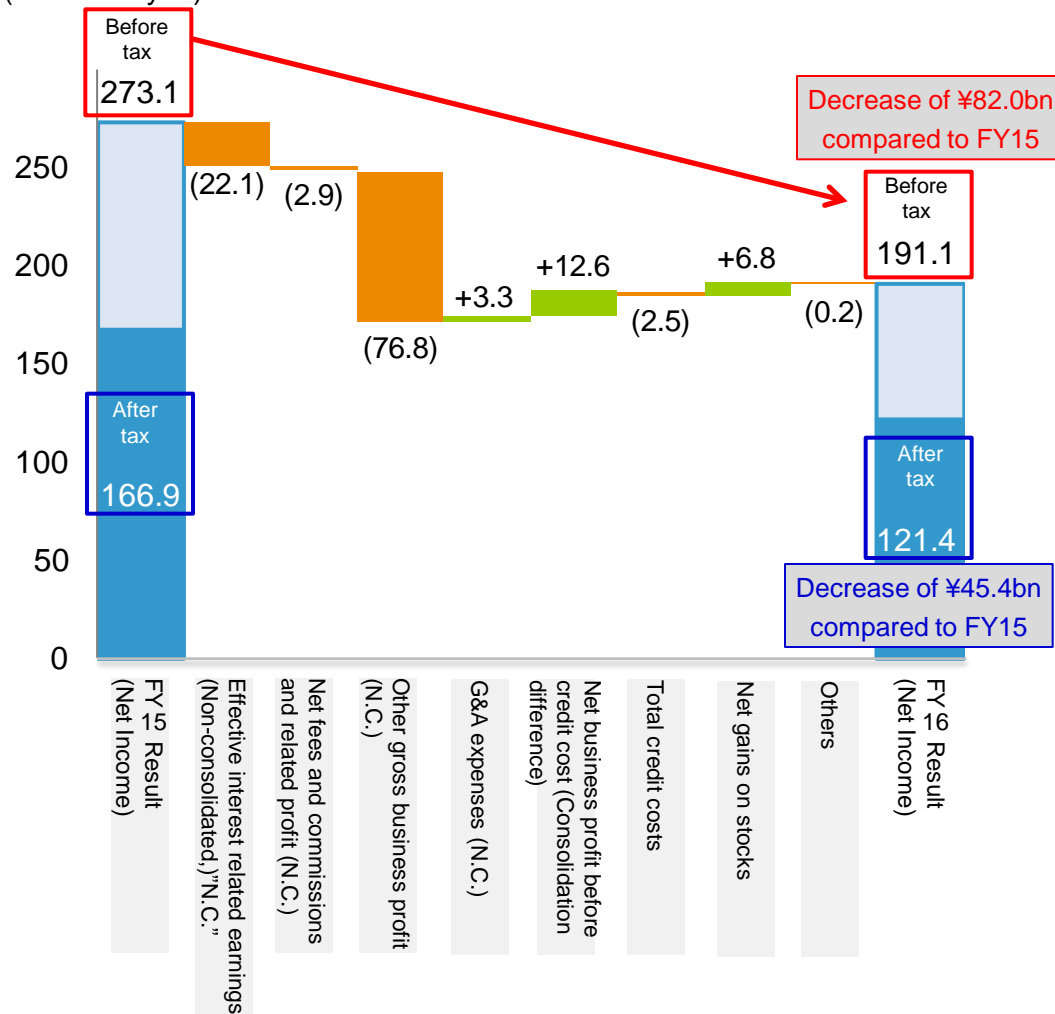
Summary of financial results for FY2016

Summary of financial results for FY2016: P/L

Changes in Net Income attributable to owners of the parent

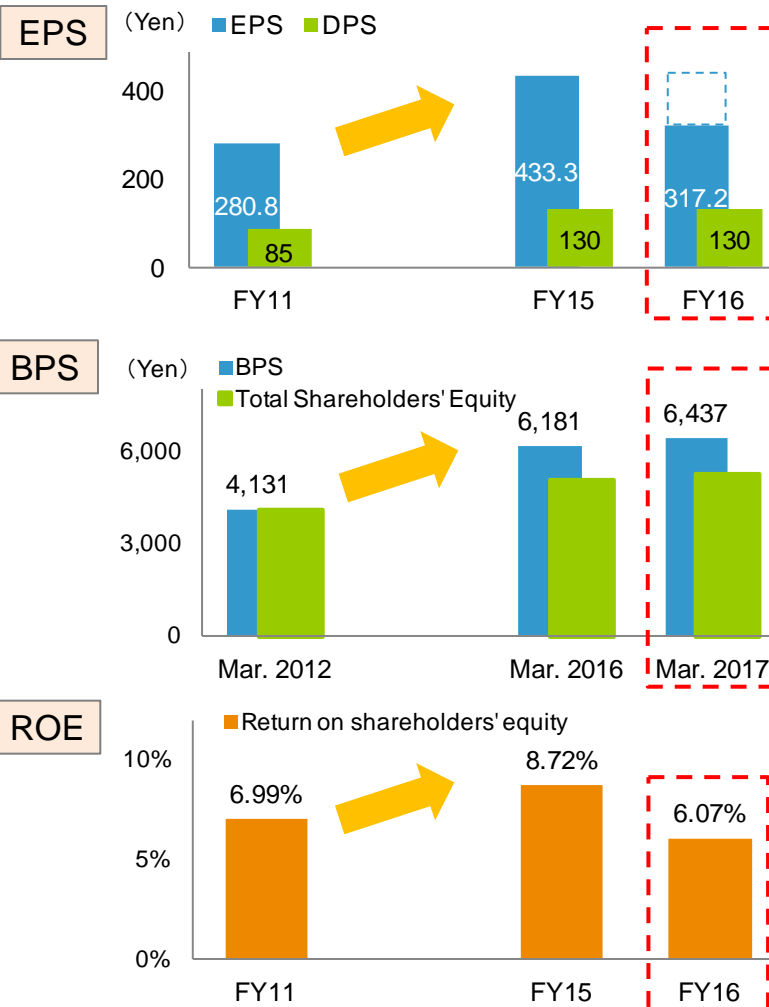
Substantial decrease due to market related losses

(Billions of yen)



Changes in Earnings Per Share

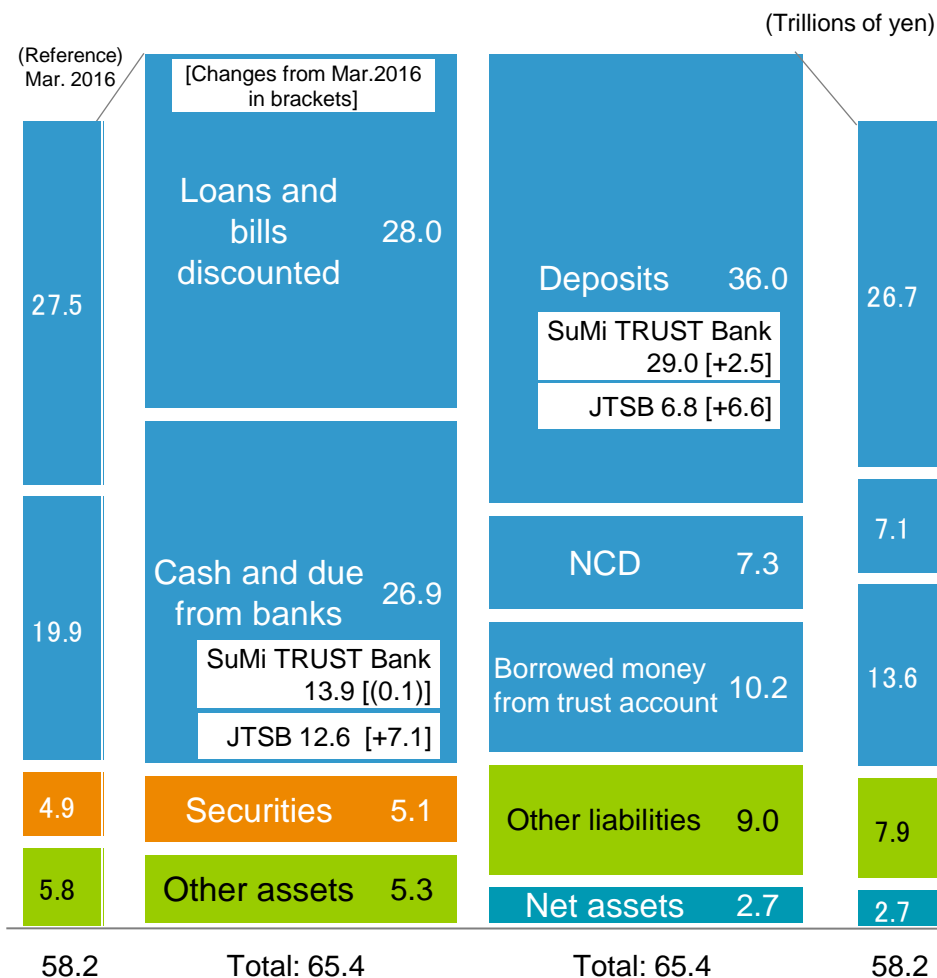
Although EPS decreased, DPS to be maintained and BPS increased



Summary of financial results for FY2016: B/S

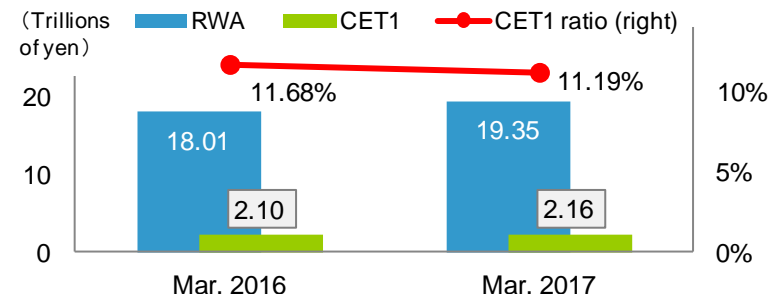
Changes to the B/S

Excluding inflow of short term funds from trust account to banking account, no material change noted

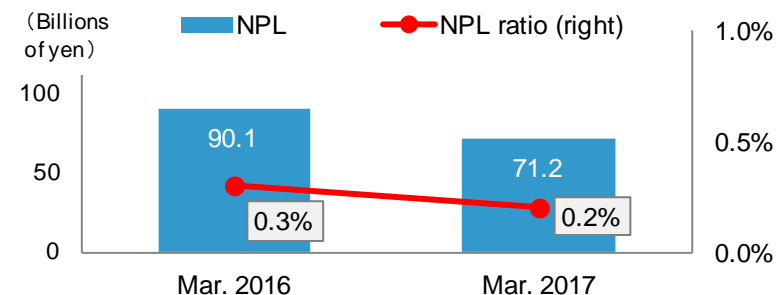


Status of the B/S

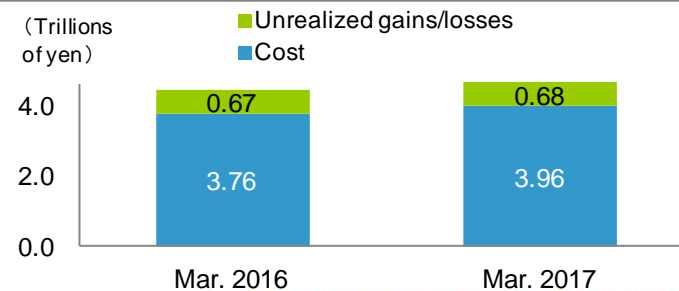
Common Equity Tier 1 capital ratio (Fully-loaded basis)



NPL ratio (Non-consolidated)



AFS Securities with fair value

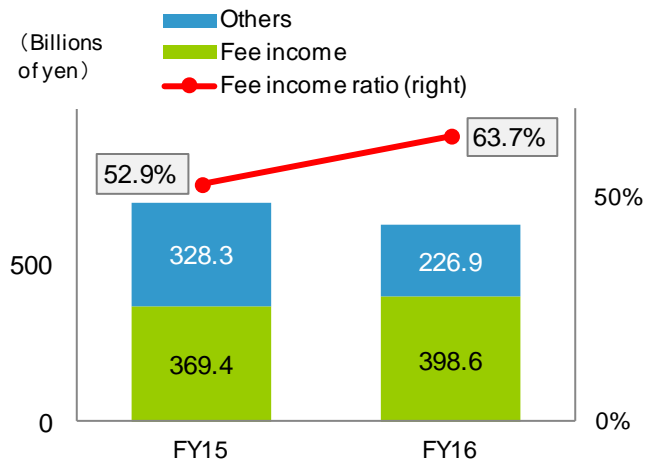


(*) JTSB: Japan Trustee Services Bank

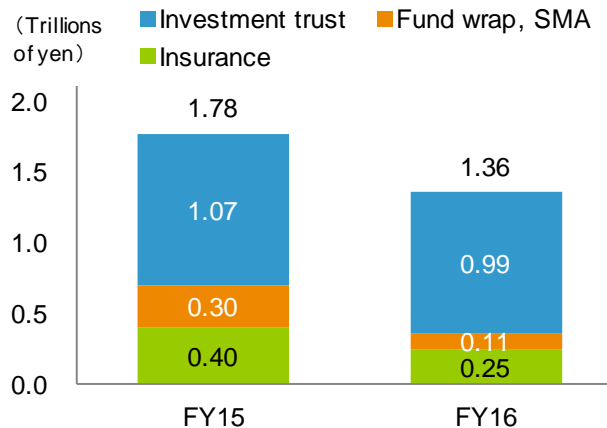
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Summary of financial results for FY2016: KPIs

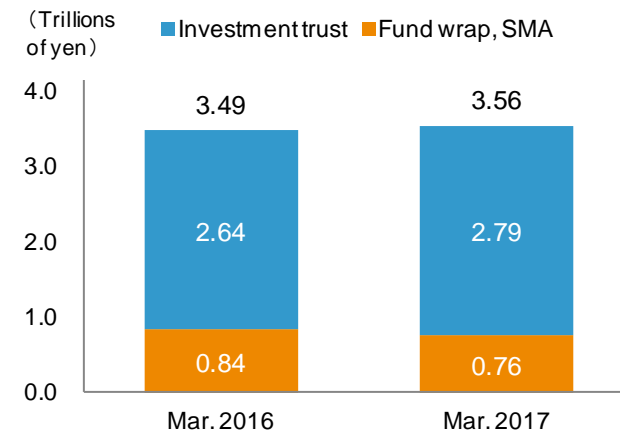
Fee income ratio



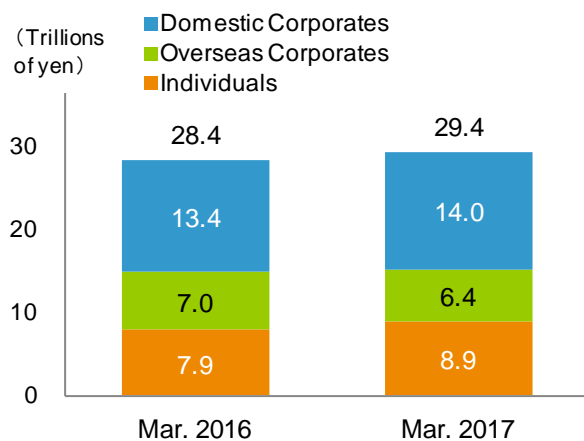
Investment trust and insurance sales



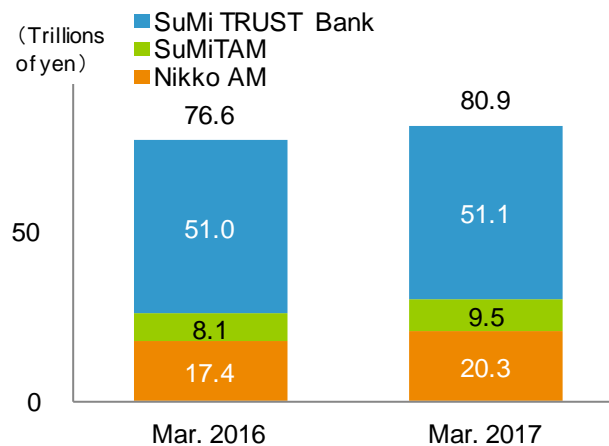
Balance of investment trust, etc (Managed as distributor)



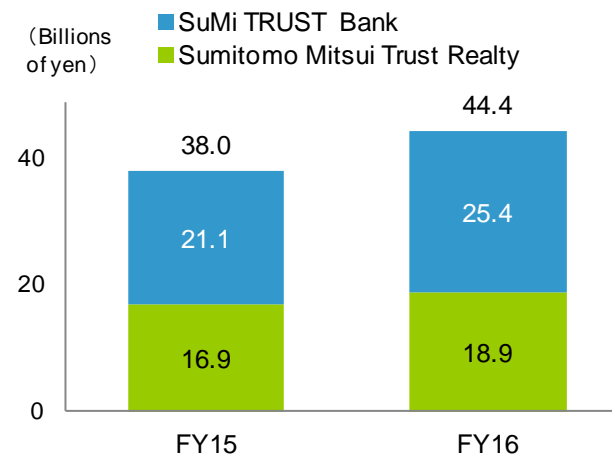
Credit portfolio



Assets under management (AUM)



Real estate brokerage fees



Financial results for FY2016



Overview of profits: Consolidated

For details, please refer to P6 of Data Book

- ▶ Net business profit before credit costs: DOWN ¥85.9bn YoY to ¥232.3bn. Profit contribution from group companies increased, but decreased overall primarily due to fall in market related profit reflecting negative impact from sales of US Treasuries at non-consolidated level
- ▶ Net income attributable to owners of the parent: DOWN ¥45.4bn YoY to ¥121.4bn, due mainly to the reasons noted above. Full year dividend on common shares of 130 yen to be maintained as initially forecasted at the beginning of the financial year

Status of profit and loss (Consolidated)

		FY2016	Change from FY2015
	(Billions of yen)		
Net business profit before credit costs	1	232.3	(85.9)
Gross business profit	2	625.5	(72.2)
Net interest income and related profit	3	232.5	(10.2)
Net fees and commissions and related profit	4	398.6	29.1
Net other operating profit	5	(22.6)	(92.5)
General and administrative expenses	6	(419.6)	(14.6)
Net non-recurring profit, etc.	7	(9.5)	5.2
Ordinary profit	8	196.3	(81.6)
Extraordinary profit	9	(5.2)	(0.3)
Income before income taxes	10	191.1	(82.0)
Total income taxes	11	(56.9)	37.0
Net income attributable to owners of the parent	12	121.4	(45.4)
Total credit costs	13	(28.5)	(2.5)
Net gains on stocks	14	36.4	6.8
Return on shareholders' equity	15	6.07%	(2.65%)
Dividend per common share (Yen)	16	130	-
Net assets per common shares (BPS) (Yen)	17	6,437	256
Earnings per share (EPS) (Yen)	18	317	(116)

(Ref) Breakdown by group company

	Net business profit before credit costs		Net income	
	FY2016	Change from FY2015	FY2016	Change from FY2015
	(Billions of yen)			
Consolidated	232.3	(85.9)	121.4	(45.4)
Non-consolidated	150.5	(98.6)	77.6	(65.4)
Consolidation difference	81.8	12.6	43.7	20.0
Effect of purchase accounting method	(2.7)	(2.4)	7.9	(17.1)
Contribution (before consolidation adjustments) (*)	76.4	11.4	47.3	28.5
Sumitomo Mitsui Trust Asset Management	6.2	(0.2)	4.3	(0.0)
Nikko Asset Management (Consolidated)	9.1	(2.0)	4.7	0.1
Sumitomo Mitsui Trust Realty	4.8	0.8	3.5	0.8
Sumitomo Mitsui Trust Panasonic Finance (Consolidated)	11.6	0.3	5.8	1.1
Sumitomo Mitsui Trust Loan & Finance	9.9	0.9	6.8	1.0
SBI Sumishin Net Bank (Consolidated)	7.5	1.4	4.9	0.7
Sumitomo Mitsui Trust Guarantee (Consolidated)	12.0	0.6	7.9	0.8
Sumitomo Mitsui Trust Club	5.6	8.2	2.5	18.5

(*) 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.)

Overview of profits: Non-consolidated

- ▶ Net business profit before credit costs: DOWN ¥98.6bn YoY to ¥150.5bn. General and administrative expenses were restrained, but decreased overall primarily due to fall in market related profit reflecting negative impact from sales of US Treasuries
- ▶ Ordinary Profit: DOWN ¥101.5bn YoY to ¥117.3bn. Improvement in net gains on stocks due to continued reduction in strategic shareholdings, but decreased overall due to increased credit cost and other items. Net income: DOWN ¥65.4bn YoY to ¥77.6bn.

Status of profit and loss (Non-consolidated)

		FY2016	Change from FY2015
	(Billions of Yen)		
Net business profit before credit costs	1	150.5	(98.6)
Gross business profit	2	383.3	(101.9)
Net interest income and related profit	3	216.7	(7.2)
Net fees and commissions and related profit	4	196.9	(2.9)
Net trading profit	5	17.0	1.5
Net other operating profit	6	(47.3)	(93.2)
Net gains on foreign exchange transactions	7	28.6	12.1
Net gains on bonds	8	(96.9)	(148.6)
Net gains from derivatives other than for trading or hedging	9	21.1	44.0
General and administrative expenses	10	(232.7)	3.3
Total credit costs	11	(24.9)	(10.7)
Other non-recurring profit	12	(8.2)	7.8
Net gains on stocks	13	31.3	12.5
Amortization of net actuarial losses	14	(28.5)	(13.6)
Ordinary profit	15	117.3	(101.5)
Extraordinary profit	16	(5.9)	(2.3)
Income before income taxes	17	111.3	(103.8)
Total income taxes	18	(33.6)	38.3
Net income	19	77.6	(65.4)

(Ref) Breakdown of interest and fee income

	FY2016	Change from FY2015
	(Billions of Yen)	
Net interest income and related profit	216.7	(7.2)
Net interest income	203.2	(8.8)
Domestic business	141.0	(10.0)
Loan-deposit income	110.7	(4.2)
Securities	47.1	(2.7)
International business	62.1	1.2
Loan-deposit income	77.3	6.2
Securities	35.4	(3.3)
Trust fees from principal guaranteed trust a/c	13.4	1.6
Net fees and commissions and related profit	196.9	(2.9)
Investment trust and insurance sales	58.8	(8.8)
Asset management/administration	61.2	(3.8)
Real estate brokerage	25.4	4.3
Stock transfer agency services	19.6	1.0
Net gains on bonds	(96.9)	(148.6)
Domestic bonds	1.6	(2.0)
Foreign bonds	(98.5)	(146.6)

Profit by business segment: Non-consolidated

For details, please refer to P12-15 of Data Book

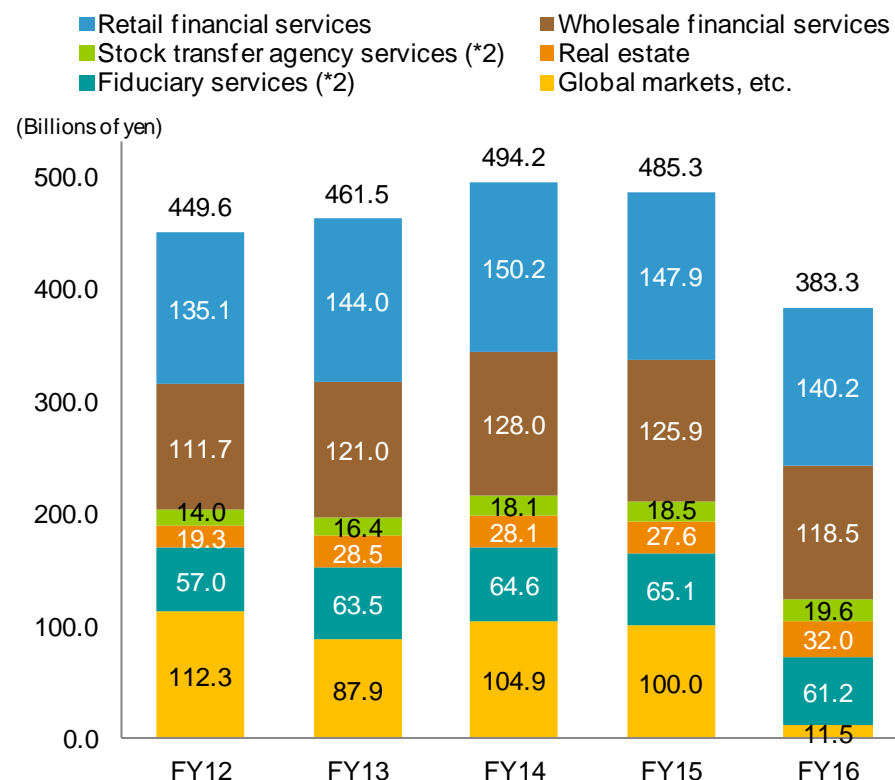
- ▶ Retail financial services: Decreased due primarily to fall in profits related to deposits and decrease in sales fees of investment trusts and insurance
- ▶ Wholesale financial services: Decreased, though there was progress in realignment of the credit portfolio, profit fell due primarily to increase in foreign currency funding cost
- ▶ Stock transfer agency services: Increased primarily due to improvement in consultation fees
- ▶ Real estate business: Increased due to higher brokerage fees resulting from steady increase transactions
- ▶ Fiduciary services: Decreased due primarily to dissolution of company pension plans as initially assumed
- ▶ Global markets: Decreased, though client transactions' profits were firm, overall profit fell primarily from re-accommodation of US Treasuries investments from viewpoint of financial risk management

Breakdown of Gross business profit by business segment

(Billions of yen)	FY2016	Change from FY2015
Retail financial services	140.2	(7.6)
Wholesale financial services	118.5	(7.3)
Stock transfer agency services	19.6	1.0
Gross business profit	29.7	0.8
Fees paid out for outsourcing	(10.1)	0.1
Real estate	32.0	4.3
Fiduciary services	61.2	(3.8)
Gross business profit	90.7	(2.8)
Fees paid out for outsourcing	(29.4)	(1.0)
Global markets	8.2	(89.2)
Others (*1)	3.3	0.7
Total	383.3	(101.9)

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

Trend of Gross business profit by business segment



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

Net interest income: Non-consolidated

For details, please refer to P4-5 of Data Book

- ▶ Net interest income: DOWN ¥ 8.8bn YoY to ¥ 203.2bn, due primarily to increased foreign currency funding cost and decreased income from securities
- ▶ Domestic loan-deposit spread for 2HFY2016 fell by 2bp from 1HFY2016. Decline in yield on loans and bills discounted was offset to a certain extent by fall in deposit interest

Breakdown of Net interest income (Average balance, Yield, Income/Expense)

	FY2016					
	Average balance	Change from FY2015	Yield	Change from FY2015	Income/Expense	Change from FY2015
(Average balance: Trillions of yen) (Income/Expense: Billions of yen)						
Net interest income					203.2	(8.8)
Domestic business			0.42%	(0.06%)	141.0	(10.0)
Interest-earning assets	33.10	2.10	0.62%	(0.10%)	206.8	(18.8)
Loans and bills discounted	20.05	1.35	0.73%	(0.11%)	147.7	(10.9)
Securities	3.08	(0.04)	1.52%	(0.07%)	47.1	(2.7)
Interest-bearing liabilities	32.42	1.85	0.20%	(0.04%)	(65.7)	8.7
Deposits	22.86	1.70	0.16%	(0.04%)	(37.0)	6.6
International business			0.52%	0.03%	62.1	1.2
Interest-earning assets	11.99	0.03	1.42%	0.24%	170.8	28.7
Loans and bills discounted	7.23	0.24	1.64%	0.35%	118.7	27.9
Securities	2.05	0.04	1.72%	(0.21%)	35.4	(3.3)
Interest-bearing liabilities	12.01	0.28	0.90%	0.21%	(108.7)	(27.5)
Deposits	4.55	0.78	0.90%	0.38%	(41.3)	(21.6)
Loan-deposit spread / income			0.69%	(0.03%)	188.1	1.9
Domestic business			0.57%	(0.07%)	110.7	(4.2)

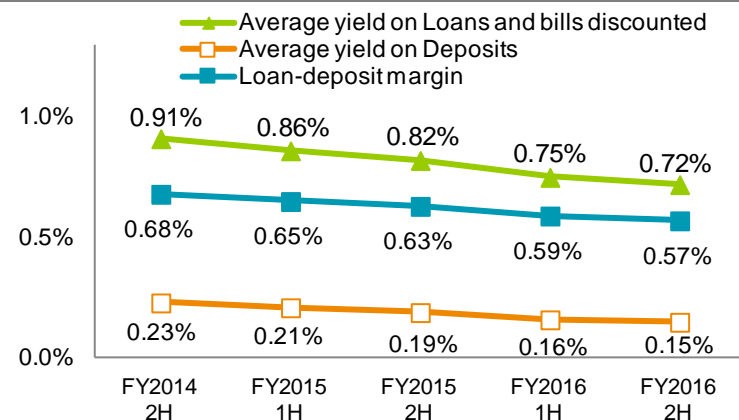
(Reference) Effective interest related earnings

	(Billions of yen)	FY2016	Change from FY2015
Net interest income	1	203.2	(8.8)
Interest paid on borrowings from trust a/c [Domestic]	2	(13.2)	(1.3)
Interest paid on foreign currency NCDs [International]	3	(27.3)	(13.7)
Profit from unwinding of asset swap (hedge accounting) corresponding to bond sales [International]	4	28.6	28.6
Additional profit items that should be taken into consideration			
Trust fees from principal guaranteed trust a/c [Domestic]	5	13.4	1.6
Profit attributable to deployment of surplus foreign currency funds [International]	6	16.2	13.7
Effective interest related earnings (1-4+5+6)	7	204.2	(22.1)

[Change from FY2015 ¥(22.1)bn :

Domestic ¥(8.4)bn ⇒ Deterioration of domestic loan-deposit income [Approx. ¥(4.0)bn],
International ¥(13.6)bn ⇒ Deterioration of swap spread [approx. ¥(12.0)bn]

Domestic loan-deposit spread



Net fees and commissions and related profit

- Net fees and commissions and related profit (Consolidated): UP ¥ 29.1bn YoY to ¥398.6bn, due primarily to increased profit contribution of Sumitomo Mitsui Trust Club, which became a consolidated subsidiary last fiscal year and increase in real estate brokerage fees, though fee income from investment trust and insurance policy sales and fiduciary services fell
- Fee income to gross business profit ratio (Consolidated): UP 10.8 percentage point YoY to 63.7%, due to the reasons above and decrease of other profit items

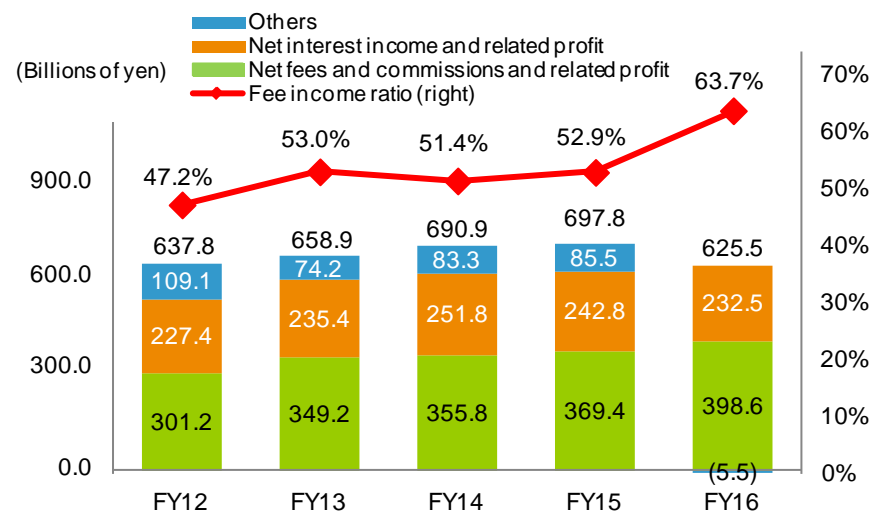
Breakdown of fee related income

(Billions of yen)	Non-consolidated		Consolidated (*1)	
	FY2016	Change from FY2015	FY2016	Change from FY2015
Net fees and commissions and related profit	196.9	(2.9)	398.6	29.1
(Net fees and commissions)	116.1	4.6	312.2	36.3
(Other trust fees)	80.8	(7.6)	86.3	(7.2)
Investment trust and insurance sales	58.8	(8.8)	58.8	(8.8)
Fiduciary services	61.2	(3.8)	171.1	(2.8)
Profit	90.7	(2.8)	181.2	(2.6)
Fees paid out for outsourcing	(29.4)	(1.0)	(10.0)	(0.2)
Stock transfer agency services	19.6	1.0	32.0	0.7
Profit	29.7	0.8	32.0	0.7
Fees paid out for outsourcing	(10.1)	0.1	-	-
Real estate	31.6	4.1	52.2	5.8
Others (Loan arrangement fees, etc.)	25.5	4.4	84.3 (*2)	34.1
Fee income ratio	51.3%	10.2%	63.7% (*2)	10.8%

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

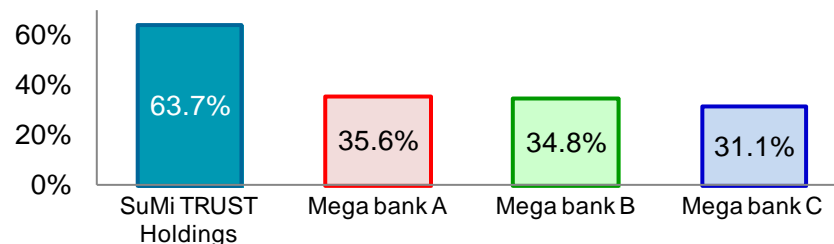
(*2) Sumitomo Mitsui Trust Club +27.2 (effect on fee income ratio +1.3%)

Trend of fee income ratio (*3)



(*3) Net fees and commissions and related profit / Gross business profit

Comparison of fee income ratio between major banks



General and administrative expenses

- ▶ General and administrative expenses (Consolidated): Increased ¥14.6bn YoY, though excluding the impact of Sumitomo Mitsui Trust Club, which became a consolidated subsidiary last fiscal year, it actually fell by ¥ 6.2bn
- ▶ Overhead ratio (Non-consolidated): Increased by 12 percentage points YoY to 60.7% due to decrease in gross profit

Breakdown of expenses

< Consolidated >

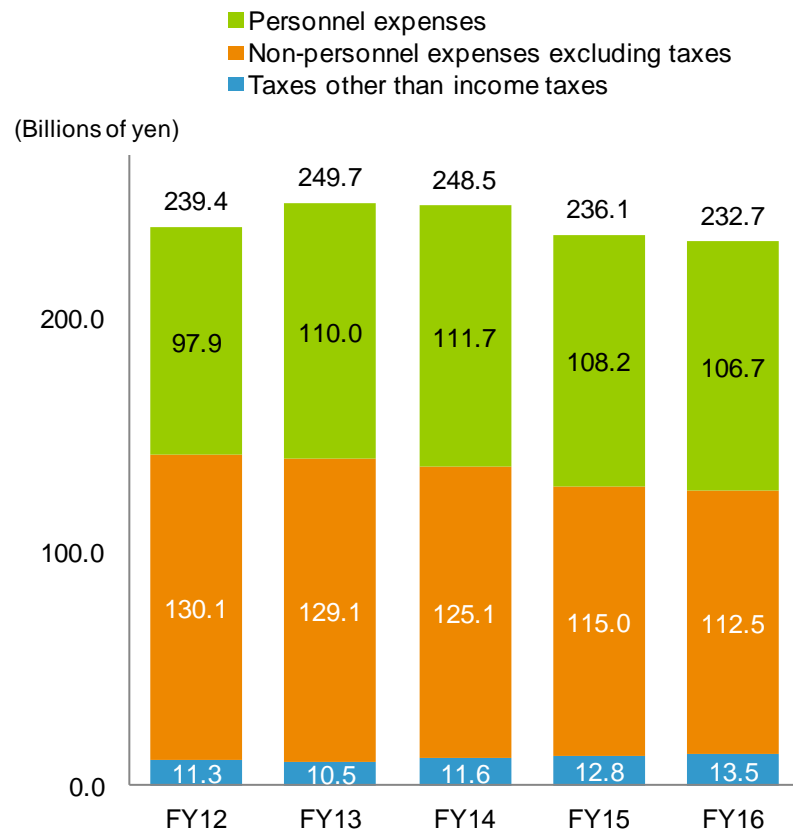
(Billions of yen)	FY2016	Change from FY2015
Personnel expenses	(191.3)	(4.1)
Non-personnel expenses excluding taxes	(210.9)	(8.7)
Taxes other than income taxes	(17.3)	(1.8)
General and administrative expenses	(419.6)	(*) (14.6)

(*) Excluding Sumitomo Mitsui Trust Club [(20.9)bn], expenses decreased [+6.2bn]

< Non-consolidated >

(Billions of yen)	FY2016	Change from FY2015
Personnel expenses	(106.7)	1.5
Salaries etc.	(101.7)	(0.1)
Retirement benefit expenses	12.0	1.8
Others	(17.1)	(0.1)
Non-personnel expenses excluding taxes	(112.5)	2.4
IT system related costs	(34.0)	0.3
Others	(78.4)	2.1
Taxes other than income taxes	(13.5)	(0.6)
General and administrative expenses (a)	(232.7)	3.3
Overhead ratio ((a) / gross business profit)	60.7%	12.0%

General and administrative expenses (Non-consolidated)



Total credit costs and problem assets

For details, please refer to P22-25 of Data Book

- ▶ Total credit costs (Consolidated): Downgrade of specific obligors resulted in total credit cost of ¥ 28.5bn
- ▶ NPL ratio (Non-consolidated): Decreased by 0.1 percentage point YoY to 0.2%, due to decrease of doubtful and substandard loans. Coverage ratio to problem assets was 90.7%, maintaining a prudent level

< Total credit costs > (Billions of yen)	FY2015	FY2016		Major factors (FY2016)
		1H	2H	
Total credit costs (Non-consolidated)	(14.1)	2.6	(27.6)	(24.9)
General allowance for loan losses	(6.3)	0.3	(28.2)	(27.9)
Specific allowance for loan losses	(2.9)	1.4	0.4	1.9
Recoveries of written-off claims	1.8	1.2	0.5	1.7
Losses on sales of claims, written-off	(6.6)	(0.3)	(0.2)	(0.6)
Total credit costs (Group companies)	(11.7)	(1.8)	(1.7)	(3.5)
Total	(25.9)	0.7	(29.3)	(28.5)

Downgraded: Approx. (35.0)bn
 Upgraded: Approx. +7.5bn
 Decrease in loan balance, etc. (Including recoveries): Approx. +2.5bn

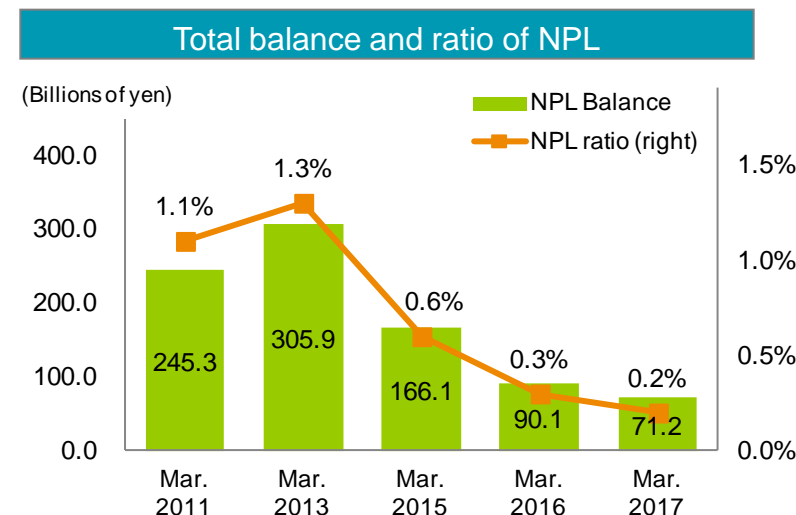
Sumitomo Mitsui Trust Club: (1.7)
 Sumitomo Mitsui Trust Guarantee: (0.9)

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

(Billions of yen)	Mar. 2017	Coverage ratio (*1)	Allowance ratio (*2)	Change from Mar. 2016
Problem assets based on the Financial Reconstruction Act	71.2	90.7%	62.0%	(18.9)
Ratio to total loan balance	0.2%	---	---	(0.1%)
Bankrupt and practically bankrupt	7.9	100.0%	100.0%	(4.0)
Doubtful	35.4	88.9%	62.8%	(9.5)
Substandard	27.8	90.3%	19.5%	(5.4)
Other special mention debtors	555.6	---	---	187.3
Ordinary assets	28,108.4	---	---	903.4
Total balance	28,735.2	---	---	1,071.8

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

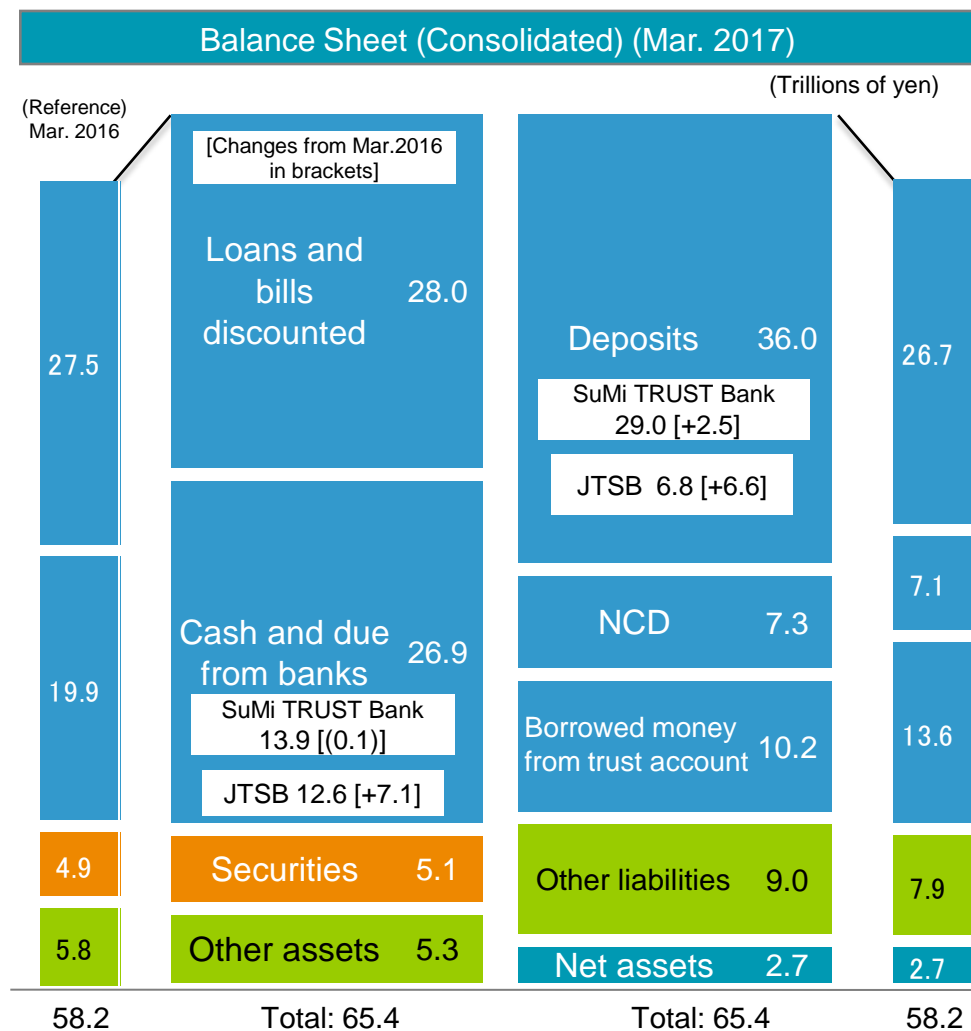
(*2) Allowance for loan losses / (Loan balance - Collateral value after considering haircuts)



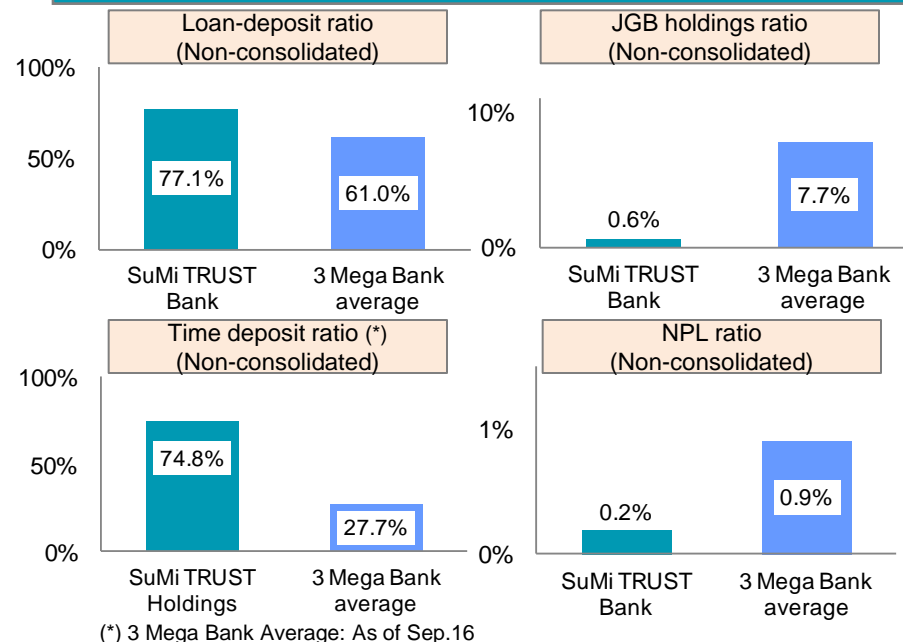
Balance sheet

For details, please refer to P7 of Data Book

- With the exception of increase in asset and liabilities of our subsidiary JTSTB, caused primarily by inflow of funds from trust accounts, there are no material changes from March 2016



Comparison with other major banks (As of Mar.2017)



Balance of BoJ current deposits

	SuMi TRUST Bank		JTSTB	
	Mar. 2017	Change from Mar. 2016	Mar. 2017	Change from Mar. 2016
Amount of BoJ current deposits	11.2	(0.1)	12.6	7.1
Basic balance [+0.1%]	6.0	(0.0)	1.5	(0.0)
Macro add-on balance [±0%]	3.7	2.3	5.9	5.9
Policy-rate balance [(0.1)%]	1.4	(2.5)	5.1	1.3

Securities portfolio and interest rate risk

- ▶ Cost of available-for-sale securities (Consolidated): Increased ¥207.2bn from Mar. 2016 to ¥3,969.3bn due primarily to increase in "Other" securities such as US Treasuries and hedging investments for strategic-shareholdings
- ▶ Unrealized gains of available-for-sale securities (Consolidated): ¥685.6bn, which is in line with previous year's figure as improvement in unrealized gains on Japanese stocks balanced out the deterioration caused by hedging of strategic shareholdings
- ▶ Strategic shareholdings reduced by ¥32.2bn, further reduction in equity volatility risk planned, including utilization of hedge transactions

<Securities with fair value (Consolidated)> (Billions of yen)	Costs		Unrealized gains/losses	
	Mar. 2017	Change from Mar. 2016	Mar. 2017	Change from Mar. 2016
Available-for-sale securities	3,969.3	207.2	685.6	10.0
Japanese stocks	666.2	(28.2)	730.4	124.5
Japanese bonds	845.7	(459.1)	1.7	0.0
Others	2,457.2	694.6	(46.5)	(114.4)
Held-to-maturity debt securities	344.7	(75.8)	26.9	(10.0)

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

Available-for-sale securities	3,921.3	235.7	704.0	7.3
Japanese stocks	639.7	(27.4)	754.2	123.2
Japanese bonds	879.6	(435.9)	0.2	(0.9)
Government bonds	170.4	(399.4)	(0.1)	(1.3)
Others	2,402.0	699.2	(50.4)	(115.0)
Domestic investment (*1)	93.7	(26.4)	1.9	(0.3)
International investment (*1)	1,329.9	373.2	(15.8)	(23.7)
US Treasury	782.0	278.9	(17.3)	(23.4)
Others (Investment trust, etc.) (*2)	978.3	352.4	(36.5)	(90.9)
for hedging of strategic shareholdings	728.1	197.9	(20.2)	(72.9)

(*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	263.4	(68.7)	26.8	(10.0)
Government bonds	139.9	(50.3)	20.0	(4.1)
International investment (*1, *3)	82.0	(17.7)	6.6	(5.5)

(*3) Unamortized balance of unrealized loss on overseas asset-backed securities which were reclassified from AFS to HTM during FY2008 (Mar. 2017: (5.1)bn yen, Mar. 2016: (11.5)bn yen)

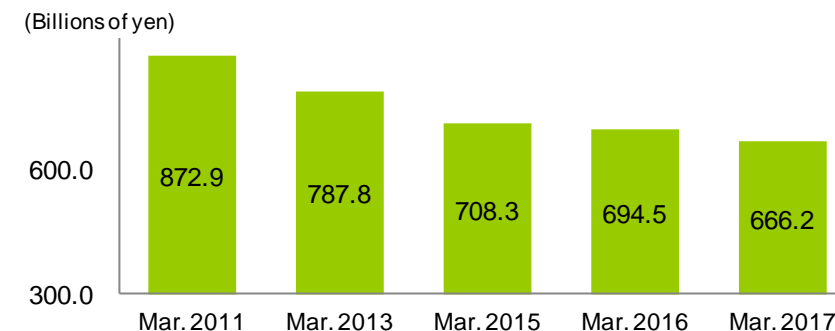
Securities portfolio of Global markets (Non-consolidated) (*4)

(Billions of yen)	10BPV (*5)		Duration (years) (*5)	
	Mar. 2017	Change from Mar. 2016	Mar. 2017	Change from Mar. 2016
JPY	1.9	(0.4)	6.0	2.8
Others	7.7	4.5	8.0	2.5

(*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	2H
Reduction amount of strategic shareholdings	5.3	12.3	5.1	27.0

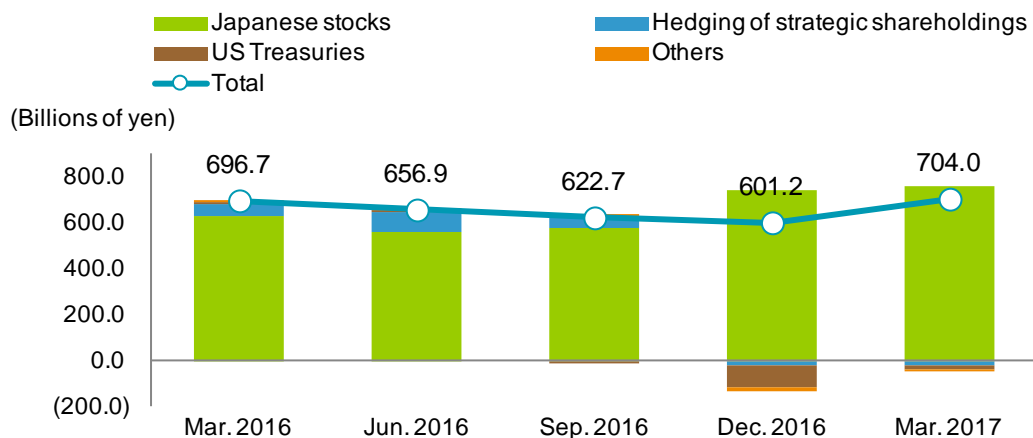
(Note) Accumulated amount of reduction from FY2011 to FY2015: ¥214.1bn

(*6) Cost of listed shares

<Reference> Status of U.S. Treasuries related holdings

- ▶ Unrealized gains of available-for-sale securities (Non-consolidated): Exceeded ¥700bn, as a result of increase in unrealized gains on Japanese stocks and realization of unrealized losses US Treasuries
- ▶ Stabilization operation of economic value of strategic shareholdings using US Treasuries demonstrated its effectiveness to a certain extent over the past several years

Unrealized gains/losses of AFS securities (Non-consolidated)

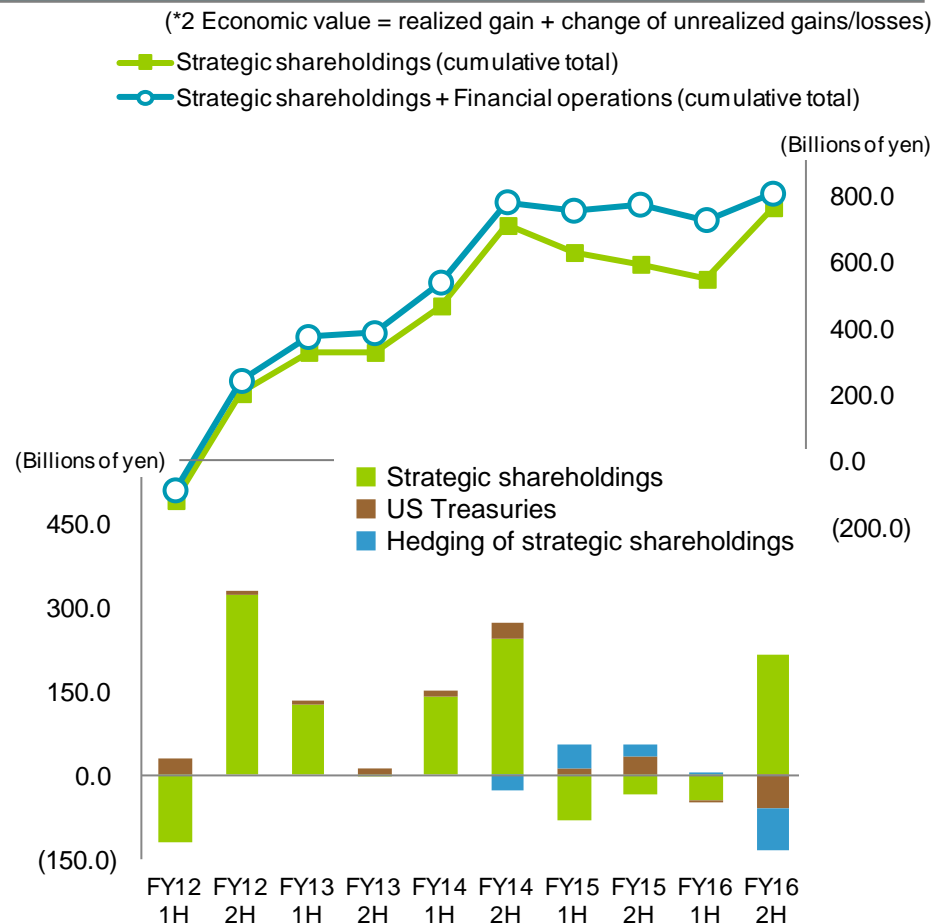


P/L related to US interest rate operations (Non-consolidated)

(Billions of yen)	FY2015	FY2016	
		1H	2H
Reported profit	56.0	17.5	(53.3)
Bonds (US Treasuries)	64.8	18.2	(100.4)
Derivatives (mark to market)	(8.7)	(0.4)	18.0
Derivatives (hedge accounting)	(0.0)	(0.2)	29.0

(*1) including carried interest income

(Ref.) Stabilization of economic value (*2) by financial management (Non-consolidated)



- ▶ Common Equity Tier 1 capital ratio: DOWN 0.32 percentage points from Mar. 2016 to 11.04%, though retained earnings increased, increase in credit risk assets reduced the ratio. Tier 1 capital ratio (Consolidated, Fully-loaded basis, pro forma): down 0.49 percentage points from Mar. 2016 to 11.19%
- ▶ Leverage ratio and liquidity coverage ratio have been negatively impacted by inflow of short term funds from the trust account to the banking account, but have constantly maintained levels well in excess of regulatory requirements

< Capital and total risk-weighted assets >

(Billions of yen)	Mar. 2016 Actual	Mar. 2017 Preliminary	Change
Total capital ratio	16.75%	16.42%	(0.33%)
Tier 1 capital ratio	13.36%	13.54%	0.18%
Common Equity Tier 1 capital ratio	11.36%	11.04%	(0.32%)
Total capital	3,026.7	3,185.8	159.1
Tier 1 capital	2,415.3	2,625.7	210.3
Common Equity Tier 1 capital	2,053.8	2,141.8	88.0
Instruments and reserves	2,204.2	2,360.8	156.5
Regulatory adjustments	(150.4)	(218.9)	(68.5)
Additional Tier 1 capital	361.5	483.8	122.2
Tier 2 capital	611.3	560.1	(51.2)
Total risk-weighted assets	18,065.8	19,391.9	1,326.0
Credit risk	16,541.1	17,855.8	1,314.6
Market risk	573.0	551.4	(21.6)
Operational risk	951.6	984.6	33.0

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

Common Equity Tier 1 capital ratio	11.68%	11.19%	(0.49%)
Common Equity Tier 1 capital	2,103.9	2,166.5	62.6
Accumulated other comprehensive income (*1)	410.1	430.9	20.8
Total risk-weighted assets	18,012.7	19,352.6	1,339.8

* Fully-loaded basis: Pro-forma figures based on regulatory definition to be applied as of Mar. 2019.

(*1) Valuation differences on Available-for-Sale Securities(Mar. 2017): ¥476.8bn

< Major factors of change in capital >

(1) Common Equity Tier 1 capital: +¥88.0bn

- Net income: +¥121.4bn
- Dividends and repurchase of own shares: ¥(56.6)bn

(2) Additional Tier 1 capital: +¥122.2bn

- Issuance of perpetual subordinated debt : +¥100.0bn

(3) Tier 2 capital: ¥(51.2)bn

- Subordinated debts: +¥10.0bn (Issuance ¥50.0bn, redemption etc. ¥(39.9)bn)
- Impact of transitional measures : ¥(57.1)bn

< Major factors of change in risk-weighted assets >

(4) Credit risk: +¥1.3tr

- Increase in loans to domestic large corporations and residential mortgages, etc.

< Other ratios required in prudential regulations >

(Billions of yen)	Mar. 2017 Preliminary	Chg. fm. Mar. 2016
Leverage ratio	3.87%	(0.13%)
SuMi TRUST Bank (Consolidated) (*2)	4.45%	0.23%
Tier 1 capital	2,625.7	210.3
Total exposure	67,843.4	7,460.6
Liquidity coverage ratio (*3)	136.7%	(3.2%)
SuMi TRUST Bank (Consolidated) (*2)	189.2%	45.8%
Total high-quality liquid assets	23,979.0	6,293.6
Net cash outflows	17,535.7	4,435.9

(*2) Excluding the impact of funds inflow into the banking account from trust account at JTSB

(*3) Average of month end figures in 4QFY2016. "Change from Mar. 2016" represents the comparison to figure for 4QFY2015 calculated in the same manner

(Reference) Results of strategic business segments



Investment trust and insurance sales

- ▶ Sales of investment trusts recovered from the 3rd quarter due to improving client investment appetite, but ended the year at ¥1,368.6bn, decrease of ¥414.8bn YoY.
- ▶ Income decreased ¥8.8bn YoY, due to lower investment trust and insurance sales though administration fees were in line with the previous year

Income (Non-consolidated)

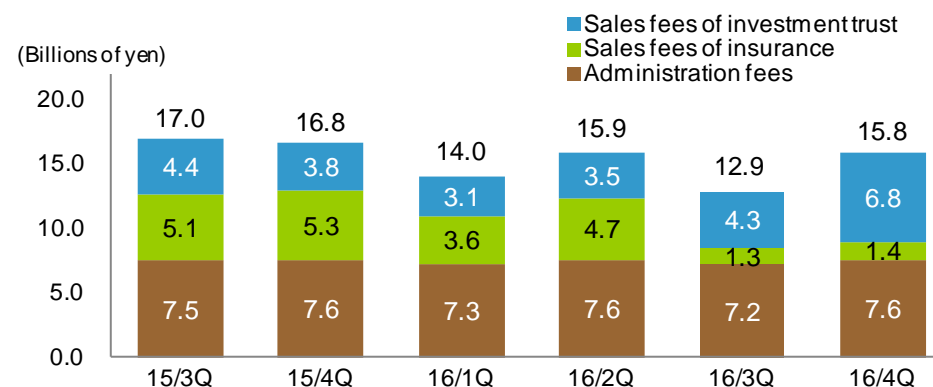
(Billions of yen)	FY2015	FY2016	Change
Income total	67.6	58.8	(8.8)
Sales fees of investment trust	19.4	17.8	(1.6)
Sales fees of insurance	17.5	11.1	(6.4)
Administration fees	30.6	29.9	(0.7)

Sales volume/balance (Non-consolidated)

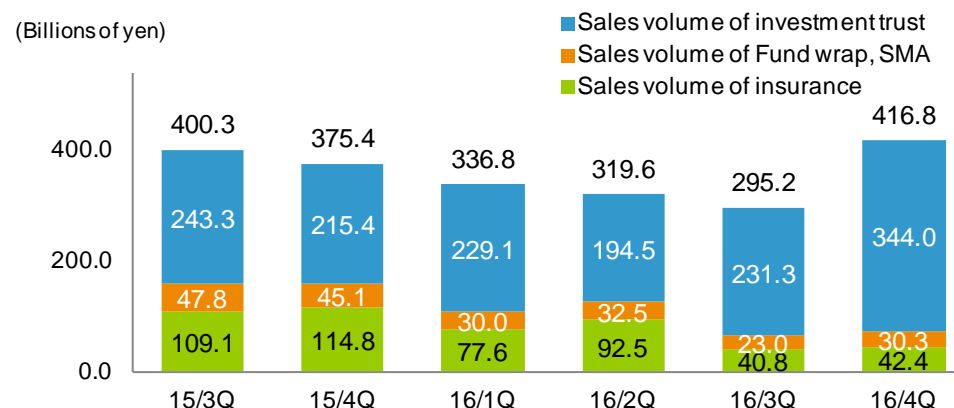
(Billions of yen)	FY2015	FY2016	Change
Sales volume total	1,783.4	1,368.6	(414.8)
Investment trust	1,078.7	999.1	(79.5)
Fund wrap, SMA	300.8	116.0	(184.8)
Insurance	403.8	253.5	(150.3)

(Billions of yen)	Mar. 2016	Mar. 2017	Change
Balance total	5,803.8	5,988.2	184.4
Investment trust	2,649.7	2,796.6	146.9
Fund wrap, SMA	848.3	765.5	(82.8)
Insurance	2,305.7	2,426.0	120.2
Wrap Selection	1,587.0	1,599.8	12.8

Income (Non-consolidated) (quarterly)



Sales volume (Non-consolidated) (quarterly)



Fiduciary services

- ▶ AUM decreased at non-consolidated trust bank level due to dissolution of company employees' pension plans, but due to inflow of funds to our subsidiaries and increase of market value from higher stock prices, overall AUM increased by ¥4.3trn YoY to ¥80.9trn
- ▶ Profit at non-consolidated trust bank level fell by ¥3.8bn YoY due to decrease of AUM resulting from dissolution of company employees' pension plans

Assets under management (AUM)

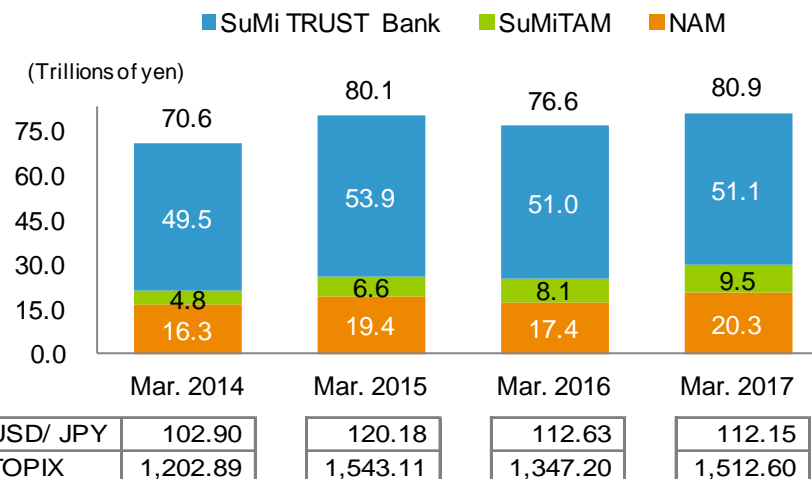
(Trillions of yen)	Mar. 2016	Mar. 2017	Change
Assets under management (AUM)	76.6	80.9	4.3
SuMi TRUST Bank	51.0	51.1	0.1
Corporate pension trust	15.9	15.0	(0.9)
Public pension trust	10.4	10.7	0.2
Discretionary investment	24.6	25.4	0.8
Subsidiaries	25.6	29.8	4.2
Sumitomo Mitsui Trust Asset Management	8.1	9.5	1.3
Nikko Asset Management	17.4	20.3	2.9

Income

(Billions of yen)	FY2015	FY2016	Change
SuMi TRUST Bank	65.1	61.2	(3.8)
Gross business profit	93.5	90.7	(2.8)
Fees paid out for outsourcing	(28.3)	(29.4)	(1.0)
Group companies (Net business profit) (*1)	19.4	17.5	(1.9)
Sumitomo Mitsui Trust Asset Management	6.5	6.2	(0.2)
Nikko Asset Management	11.2	9.1	(2.0)

(*1) Contribution to consolidated

Assets under management (AUM) by company



Assets under custody (AUC)

(Trillions of yen)	Mar. 2016	Mar. 2017	Change
Domestic entrusted assets (*2)	236	261	24
(Billions of USD)			
Global custody assets (*3)	273.9	304.1	30.1
Fund administration	26.0	38.4	12.4

(*2) Total trust assets of the group companies

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

Real estate

- ▶ Corporate real estate brokerage fees (non-consolidated) increased by ¥4.3bn YoY to by ¥25.4bn due to increased transaction volume in 2H2016.
- ▶ Real estate brokerage fees from retail clients (Sumitomo Mitsui Trust Realty) were firm, increased by ¥2.0bn YoY to by ¥18.9bn

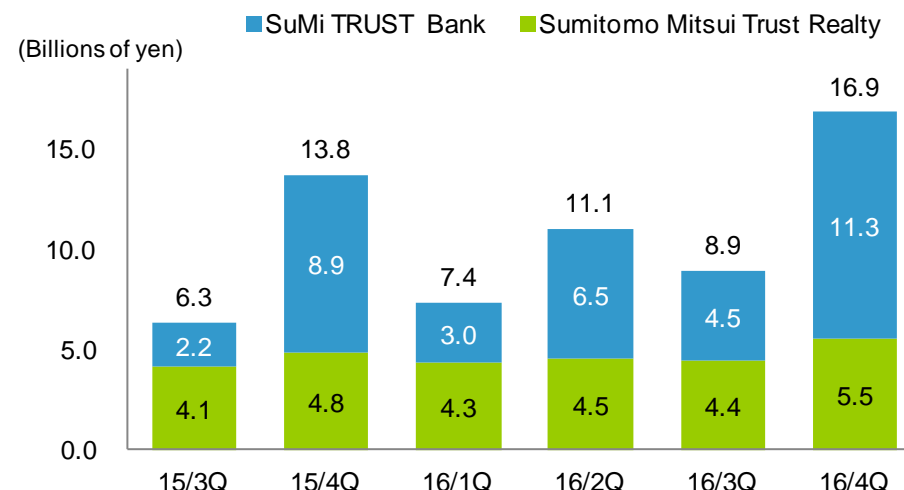
Income (Group basis)

(Billions of yen)	FY2015	FY2016	Change
Real estate brokerage fees	38.0	44.4	6.3
SuMi TRUST Bank	21.1	25.4	4.3
Sumitomo Mitsui Trust Realty	16.9	18.9	2.0
Real estate trust fees, etc.	6.3	6.1	(0.1)
Net other real estate profit	2.1	1.9	(0.2)
SuMi TRUST Bank	0.2	0.3	0.1
Group companies	1.8	1.5	(0.3)
Total	46.5	52.5	5.9
SuMi TRUST Bank	27.6	32.0	4.3

Assets under management / administration

(Billions of yen)	Mar. 2016	Mar. 2017	Change
Securitized real estate	13,148.6	14,142.8	994.2
Assets under custody from J-REITs	10,645.2	12,431.0	1,785.8
Assets under management	839.6	650.6	(189.0)
Private placement funds	436.5	412.3	(24.2)
J-REITs	403.0	238.2	(164.8)

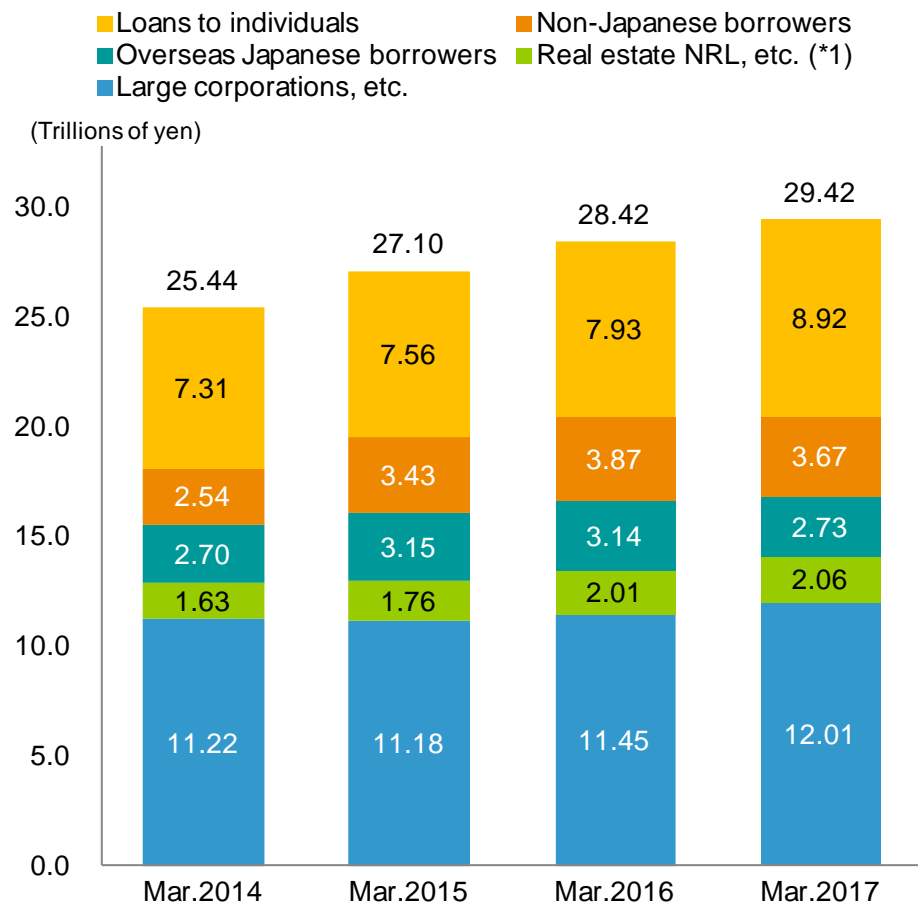
Real estate brokerage fees (quarterly)



Credit portfolio

- Credit portfolio balance increased by ¥0.99trn YoY to ¥29.42trn, increase in foreign currency loans was restrained, but domestic residential mortgage loans recorded a substantial increase

Credit portfolio



(*1) Excluding overseas real estate NRL, etc

Advanced amount and balance (Non-consolidated)

	FY2015	FY2016	Change
(Billions of yen)			
Advanced amount of loans to individuals	1,085.8	1,869.3	783.4
Residential mortgage loans	987.4	1,749.1	761.7

	Mar. 2016	Mar. 2017	Change
(Billions of yen)			
Balance of loans to individuals	7,932.1	8,926.9	994.7
Residential mortgage loans	7,422.1	8,378.6	956.4

Balance of credit to overseas borrowers (*2)

	Mar. 2016	Mar. 2017	Change
(Billions of yen)			
Non-Japanese borrowers	3,877.8	3,678.4	(199.4)
Loans	3,461.4	3,305.1	(156.2)
Overseas Japanese borrowers	3,146.1	2,736.4	(409.6)
Loans	3,035.7	2,651.1	(384.6)
Total	7,024.0	6,414.9	(609.1)
Loans	6,497.1	5,956.2	(540.8)
USD/JPY	112.63	112.15	(0.48)

(*2) In addition to the above, there are acceptance and guarantee, etc.
Mar. 2017: ¥31.8bn [+¥11.5bn from Mar. 2016]

Forecast for FY2017

Forecast for FY2017

- Net business profit before credit costs (Consolidated): Forecast of ¥260.0bn, increase of ¥27.6bn from FY2016, as this year's losses from sale of US Treasuries are expected to be limited.

Net income attributable to owners of the parent: Forecast of ¥150.0bn, increase of ¥28.5bn from Mar 2016, taking expected gains on stocks into account as sell down of strategic-shareholdings continues

- Full year dividend on common shares of 130 yen (dividend payout ratio of 33.2%) to be maintained

(Billions of yen)	FY2016 Full Actual	FY2017 Full Forecast		
		1H	Forecast	Change
Net business profit before credit costs	232.3	125.0	260.0	27.6
Non-consolidated	150.5	85.0	180.0	29.4
Gross business profit	383.3	202.0	415.0	31.6
Retail total solution services	140.2	66.0	134.0	(6.2) (1)
Wholesale financial services (*)	118.5	58.0	119.0	0.4 (2)
Stock transfer agency services	19.6	11.0	20.0	0.3
Real estate	32.0	14.0	33.0	0.9
Fiduciary services	61.2	30.0	61.0	(0.2)
Global markets	8.2	25.0	50.0	41.7 (3)
General and administrative expenses	(232.7)	(117.0)	(235.0)	(2.2)
Consolidation difference	81.8	40.0	80.0	(1.8)
Total credit costs	(28.5)	(10.0)	(20.0)	8.5 (4)
Non-consolidated	(24.9)	(10.0)	(20.0)	4.9
Consolidation difference	(3.5)	-	-	3.5
Other net non-recurring profit	(7.4)	(5.0)	(5.0)	2.4 (5)
Ordinary profit	196.3	110.0	235.0	38.6
Non-consolidated	117.3	80.0	170.0	52.6
Net income attributable to owners of the parent	121.4	70.0	150.0	28.5
Non-consolidated	77.6	60.0	125.0	47.3
Dividend on common share (Yen)	130	65	130	±0
Consolidated dividend payout ratio	40.9%	---	33.2%	(7.7%)

1) Retail total solutions services: ¥(6.2)bn YoY

Though investment related consultations are expected to recover, fee income from inheritance related fees are expected to decrease

2) Wholesale financial services: +¥0.4bn YoY

Plan to maintain loan-deposit spread margin by realigning loan portfolio

3) Global markets: +¥41.7bn YoY

This year's losses from sale of US treasuries are expected to be limited

While lowering profit expectations from treasury operations, client facing business is expected to remain firm

4) Total credit costs: ¥(20.0)bn for FY2017

Forecast to be around 7bp of total credit portfolio of ¥30.0trn

5) Other net non-recurring profit/loss: ¥(5.0)bn for FY2017

Net gains on stocks expected to be around ¥30.0bn

(*) Combined total of Wholesale total solution services and Wholesale asset management businesses

Midterm Management Plan

Changes to the external environment surrounding trust banks

Due to prolonged low interest rate environment and unstable international financing situation, lending business is facing increasingly stronger headwinds

However, in a mature economy, increasing demand in areas such as diverse investment requirements, safe and trustworthy asset transfer between generations, means that there are growth opportunities in areas that trust banks could deploy its business functionalities

NIRP

Interest margin compression

Increase in foreign currency funding cost

Decrease in profitability of overseas assets

Increase in USD interest rate

Cautious market business management

Lending/investment businesses (including bond investments in Global Markets) facing headwind



Trust related businesses, fee businesses have room for growth

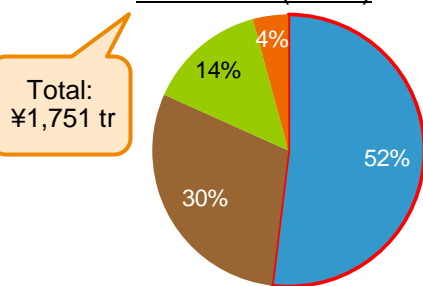
To utilize asset management/administration functions

Increase in opportunities to assist asset formation and inter-generational asset transfer

To utilize asset transformation functions

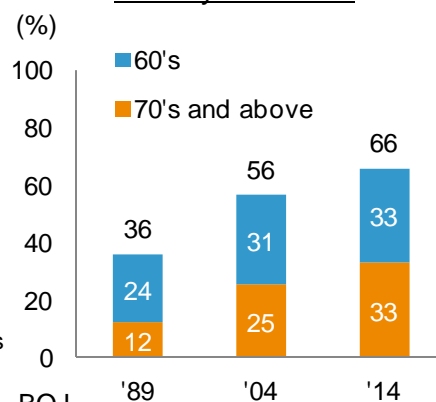
Increase in opportunities to meet various risks/investment expectations

Household financial asset allocation (2016)



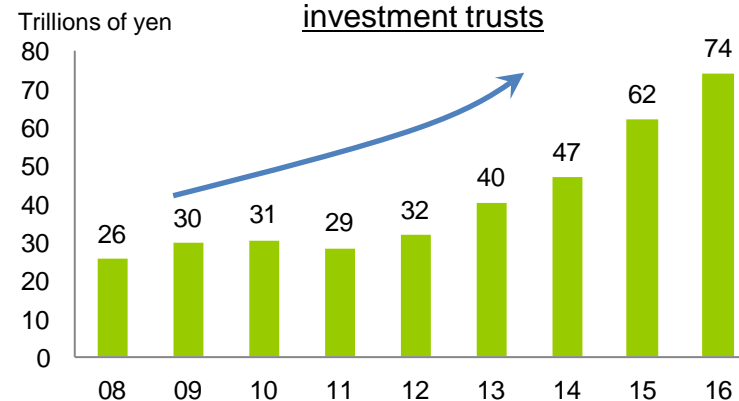
- Currency and deposits
- Insurance, pension and standardized guarantees
- Equity and investment fund shares
- Others

Ratio of household wealth held by over 60's



[Source] FSA, BOJ

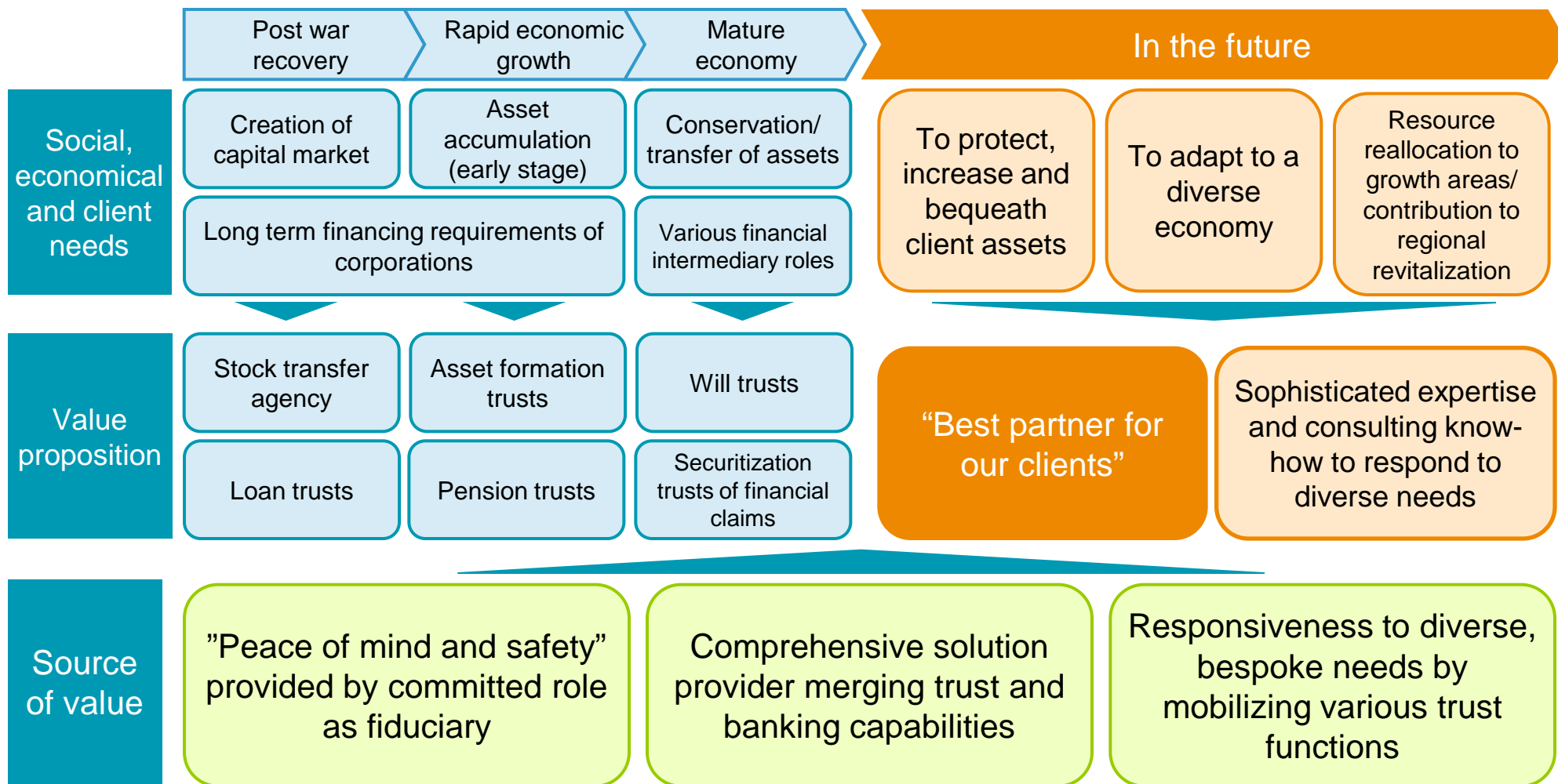
Net asset value of private investment trusts



[Source] Japan Securities Dealers Association

Trust Banks: To contribute to fulfilling society's needs while adapting to the times

- ▶ Trust banks have always left its mark in society by continuously adapting to changing social/economical environment and client base
- ▶ To evolve and grow further to cope with diverse client needs



SuMi TRUST's mid to long term goal

To achieve sustainable and stable growth through business model transformation

Our goals and initiatives

Pursue growth through strengthening our edge as the sole specialized trust bank group

- ▶ Further strengthen fee businesses
Accelerate growth to become undisputed No.1 in asset management / administration business
- ▶ Pursue B/S efficiency and profitability
- ▶ To become client's best partner overwhelming our competition with our total solution proposal capability
- ▶ Expand business base through alliance strategies leveraging the group's independent status

Strengthening of cost competitiveness

- ▶ Pursue cost efficiency at all group companies
- ▶ Pursue economies of scale through alliance strategies

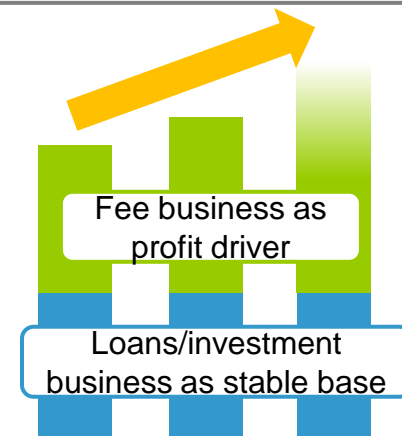
Capital policy conforming to our business model

- ▶ Cognizant of the balance between investment opportunities and shareholder equity return, enhance shareholder return in the medium term

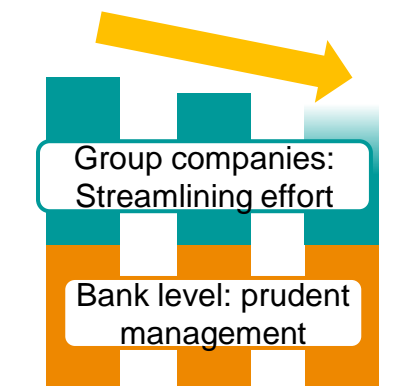
Strengthen effectiveness of governance and enhance fiduciary duty

- ▶ Segregation of oversight and management execution
- ▶ Firm progress on business model reform
- ▶ Enhance Fiduciary Duty awareness and conflict of interest management

Profit Trajectory



Expenses Trajectory



Medium term profit target and KPIs

Medium term profit target

< P/L > (Billions of yen)	FY2016	FY2017	Change	FY2019	Change from FY2017
	Actual	Plan		Plan	
Net business profit before credit costs	232.3	260.0	27.6	300.0	40.0
Gross business profit before credit costs	654.5	685.0	30.4	730.0	45.0
Non-consolidated	383.3	415.0	31.6	442.0	27.0
Consolidation difference	271.2	270.0	(1.2)	288.0	18.0
Substantial G&A expenses	(422.2)	(425.0)	(2.7)	(430.0)	(5.0)
Non-consolidated	(232.7)	(235.0)	(2.2)	(232.0)	3.0
Consolidation difference	(189.4)	(190.0)	(0.5)	(198.0)	(8.0)
Total credit costs	(28.5)	(20.0)	8.5	(20.0)	-
Other net non-recurring profit	(7.4)	(5.0)	2.4	(5.0)	-
Ordinary profit	196.3	235.0	38.6	275.0	40.0
Non-consolidated	117.3	170.0	52.6	200.0	30.0
Net income attributable to owners of the parent	121.4	150.0	28.5	180.0	30.0
Non-consolidated	77.6	125.0	47.3	140.0	15.0

< Major indicators >	FY2016
Fee income ratio□	62.3%
Overhead ratio□	64.5%
Return on shareholders' equity□	6.07%
Common Equity Tier 1 capital ratio	11.19%

< Assumptions of the market >	Mar. 2017	Mar. 2018
3M Tibor	0.06%	0.06%
10 year JGB	0.07%	0.05%
Nikkei 225 (yen)	18,909	19,000
USD/JPY	112	115

FY2019
55-60%
55-60%
Approx. 8%
Approx. 10%

Mar. 2020
0.06%
0.40%
19,000
118

Major KPIs

Fee income ratio

To be raised to approx. 60%

Overhead Ratio

To be reduced to Mid 50% level

Common Equity Tier 1 Ratio

Maintain approx. 10% comfortably

Shareholder ROE

8% or more
[With a view to achieving 10%
in the future]

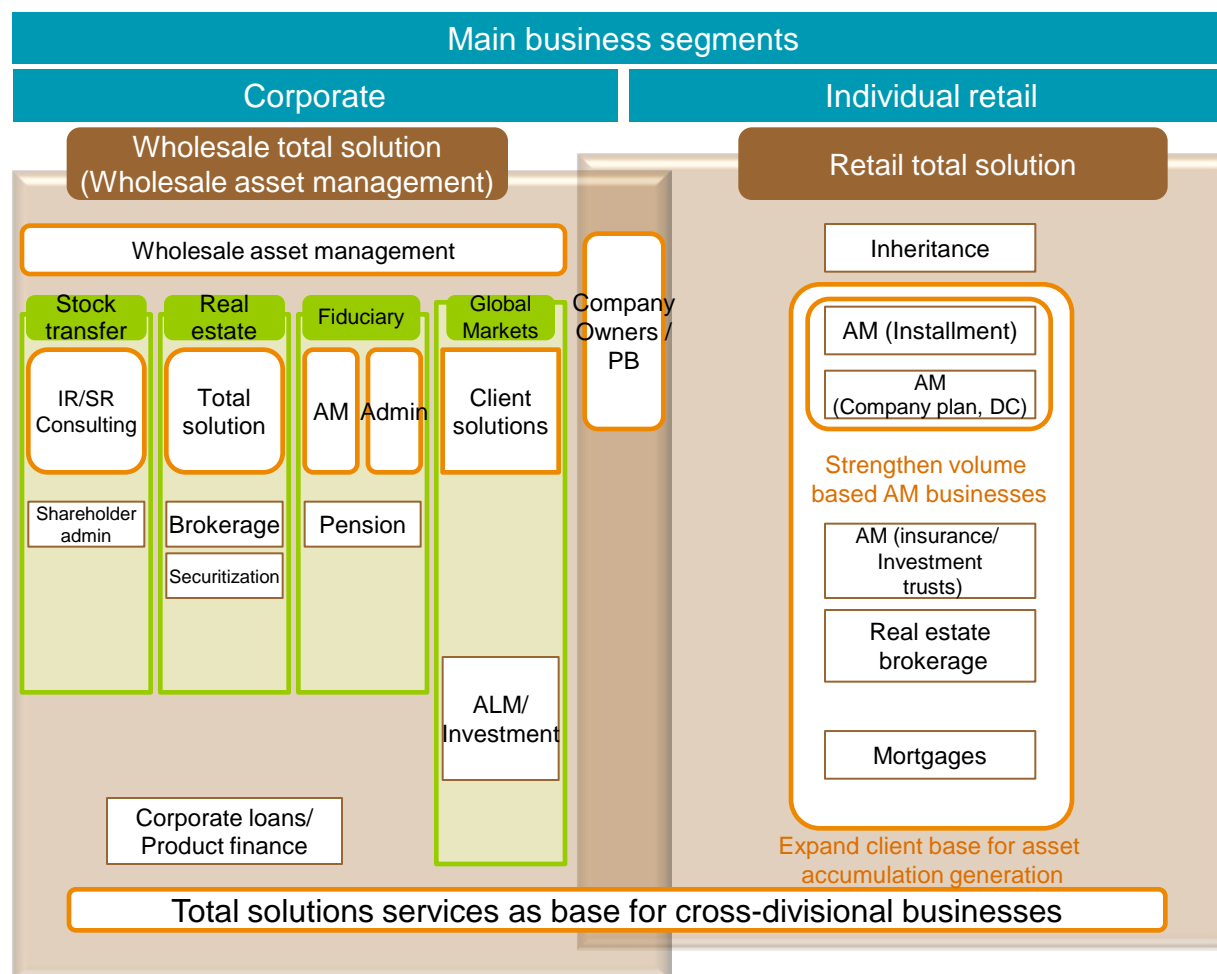
(*) "Consolidated net business profit before credit costs", "Substantial consolidated gross business profit" and "Substantial G&A expenses" are based on managerial accounting with taking gross income and expenses from the affiliates into consideration, and "Fee income ratio" and "Overhead ratio" shown on the table above are calculated by these figures.

(Reference) Medium term profit target by business segment

	FY2016 Actual	FY2017		FY2019 Plan	Change from FY2017
		Plan	Change		
(Billions of yen)					
Net business profit before credit costs	232.3	260.0	27.6	300.0	40.0
Gross business profit before credit costs	654.5	685.0	30.4	730.0	45.0
Retail total solution services	201.9	193.0	(8.9)	206.0	13.0
Non-consolidated	140.2	134.0	(6.2)	145.0	11.0
Consolidation difference	61.7	59.0	(2.7)	61.0	2.0
Wholesale financial services	169.9	176.0	6.0	191.0	15.0
Non-consolidated	118.5	119.0	0.4	128.0	9.0
Consolidation difference	51.3	57.0	5.6	63.0	6.0
Stock transfer agency services	35.8	36.0	0.1	37.0	1.0
Non-consolidated	19.6	20.0	0.3	21.0	1.0
Consolidation difference	16.1	16.0	(0.1)	16.0	-
Real estate	52.5	54.0	1.4	57.0	3.0
Non-consolidated	32.0	33.0	0.9	34.0	1.0
Consolidation difference	20.4	21.0	0.5	23.0	2.0
Fiduciary services	160.2	161.0	0.7	169.0	8.0
Non-consolidated	61.2	61.0	(0.2)	63.0	2.0
Consolidation difference	98.9	100.0	1.0	106.0	6.0
Global markets	8.2	50.0	41.7	52.0	2.0
Substantial G&A expenses	(422.2)	(425.0)	(2.7)	(430.0)	(5.0)
Non-consolidated	(232.7)	(235.0)	(2.2)	(232.0)	3.0
Consolidation difference	(189.4)	(190.0)	(0.5)	(198.0)	(8.0)
Ordinary profit	196.3	235.0	38.6	275.0	40.0
Net income attributable to owners of the parent	121.4	150.0	28.5	180.0	30.0

Business model transformation: Overall picture of individual business strategy

- To grow both in areas where we can leverage the strengths and uniqueness of trust banks, and in areas that will serve as a stable earnings base to support the reformation period



Total solution model

Goal

- ▶ Brush up the ability of marketing officers to devise an ideal solution to the client's problems and needs in conjunction with the client
- ▶ Be the best partner working closely with the client to solve their problems by making use of expertise and diversified functions

Individual clients

Solution suited for different life stages

Corporate Clients

Bespoke solutions for management style, industry and size

Relationship manager with clients

Retail total solution services

Wholesale total solution services

Wholesale asset management

Continuous improvement of specialized services

Joint effort to provide client oriented proposals

Fiduciary

Real Estate

Stock Transfer

Global Markets

Business divisions with wide-ranging specialized knowledge

SuMi TRUST Group

“Best Partner” for our clients

Total Solution Objectives

- ▶ To accurately grasp current and potential needs of our clients
- ▶ Propose a diverse range of products and services as the best solution for clients, to solve their problems as their partner



Positioning of Business Divisions

- ▶ Offers a wide range of highly specialized products and services indispensable for providing total solutions
- ▶ Joint effort to create client-oriented solutions, embodying them in products and services

Alliance strategy ~To expand our business base leveraging our neutrality~

Goal

- ▶ Leveraging our neutral status, expand our client base and product lineup through alliances to achieve efficient and speedy growth

Alliances with domestic financial institutions to expand client base

Complement our product lineup/services with specialized know-how of overseas financial institutions

Win-Win relationship with alliance partners



SUMITOMO MITSUI TRUST GROUP

Expertise

Largest AM/Fund Administrator

Services for wide-ranging assets

Know-how for total solution

Client base

Affluent retail clientele

Broad large corporate / pension clients

Provide AM Products

Man Group
Standard Life Investments etc.

Joint development of insurance products

BNP Paribas Cardif

Strengthen product financing

Midwest Railcar Corporation
BIDV Financial Leasing
Novus Aviation Capital
GreensLedge etc.

Joint investment in AM firm

Japan Post Bank/Japan Post
Nomura Holdings



Broad alliances
(Real estate, inheritance, AM)

Regional Financial
Institutions

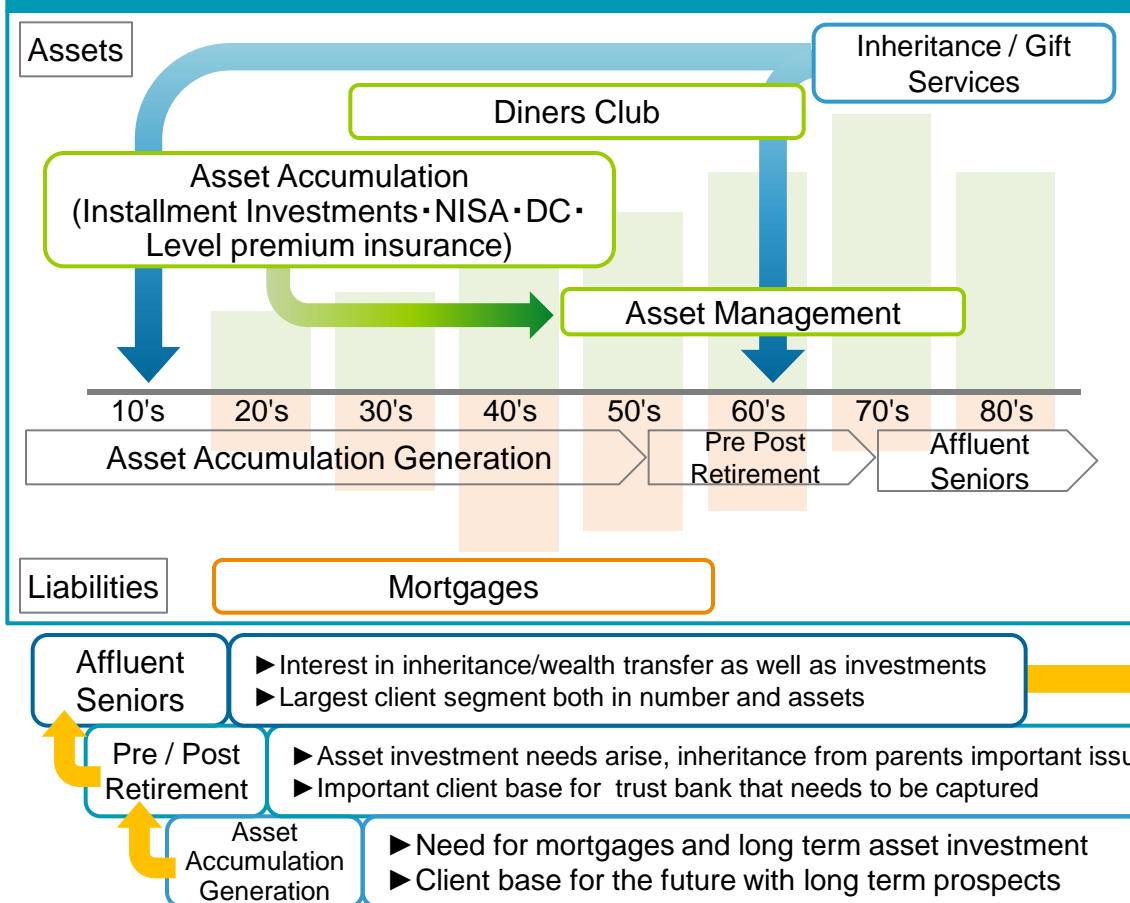
Provide services to a broad client base

Retail Total Solution Business: Outline

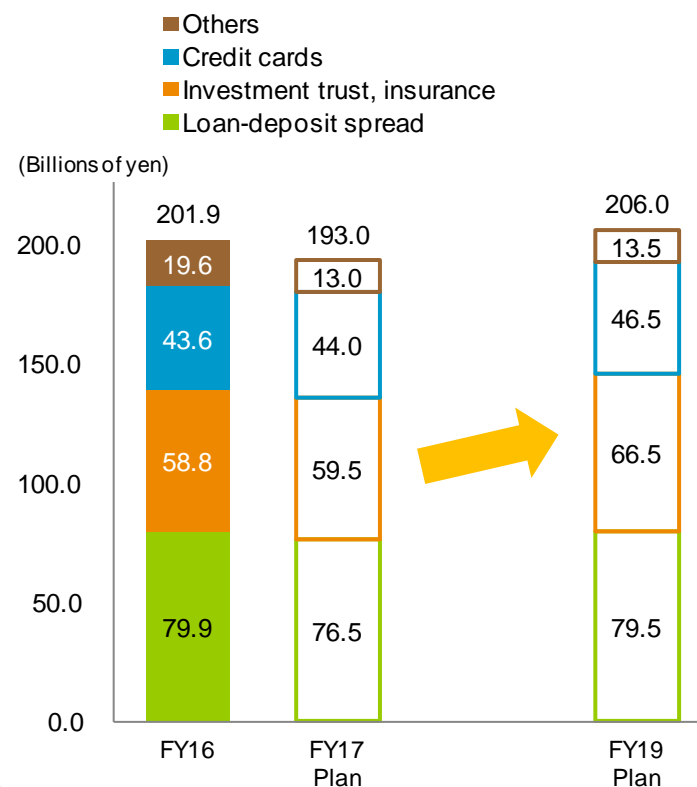
Mid to long term goal Business objective

- ▶ To become a "client's best partner" that provides total solutions according to each generations' asset and liability characteristics
- ▶ Promoting the shift from "savings to investment" by providing easy to understand but sophisticated investment opportunities
- ▶ Assume the role of supporting safe and secure transfer of assets between generations by utilizing our trust services

Provide total solution services to our retail clients



Growth in business profits

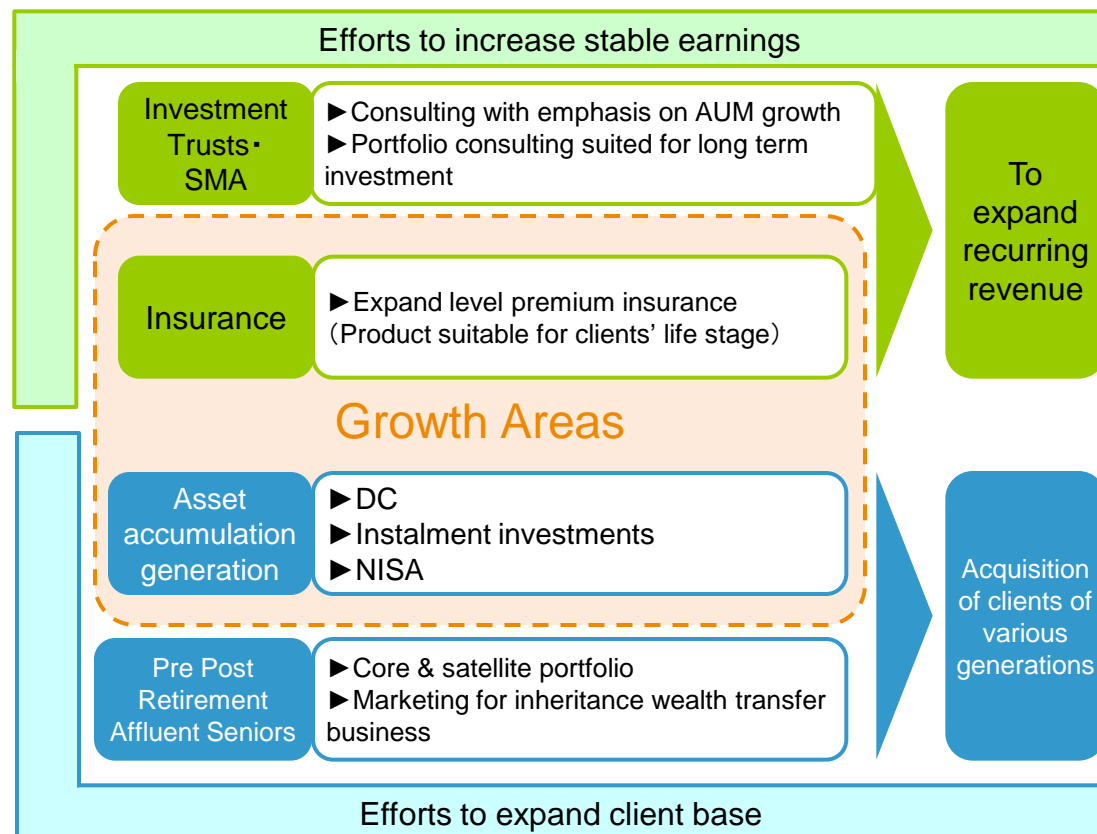


Retail Total Solution Business: Investment management consulting ①

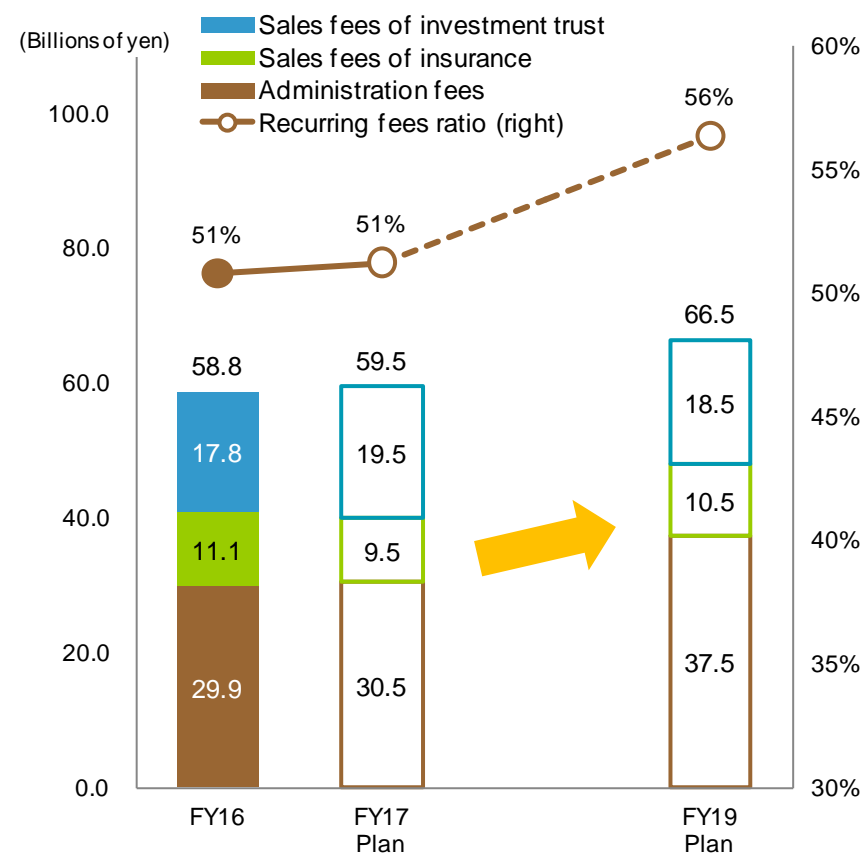
Mid to long term goal

- ▶ Based on client's life plan, to provide bespoke asset management services according to each individual's needs
- ▶ Aim to expand recurring revenue to stabilize profits to support sustainable growth of business
- ▶ Expand insurance business base to widen product lineup to capture client needs

Strategy Focus



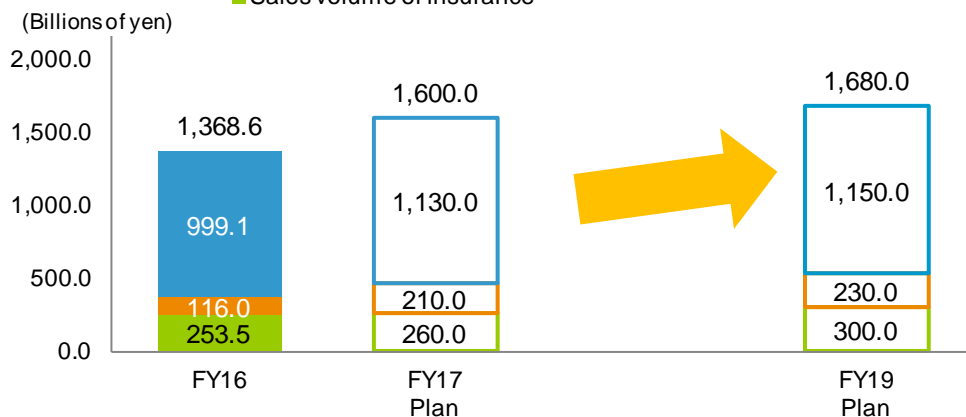
Expand stable revenue



Retail Total Solution Business: Investment management consulting ②

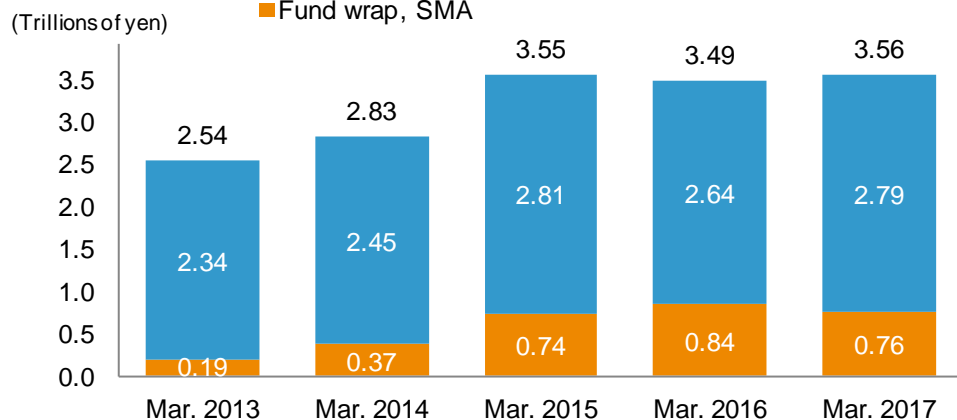
Plan for investment trust and insurance sales

- Sales volume of investment trust
- Sales volume of Fund wrap, SMA
- Sales volume of insurance



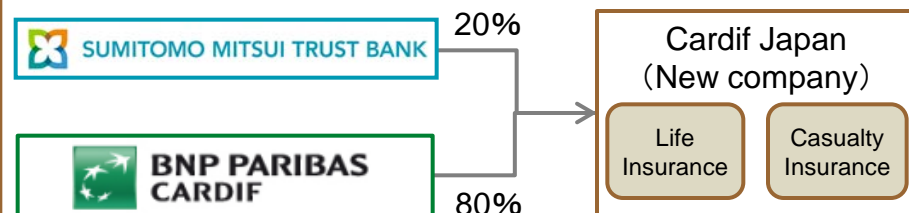
AUM for investment trusts and SMAs

- Investment trust
- Fund wrap, SMA

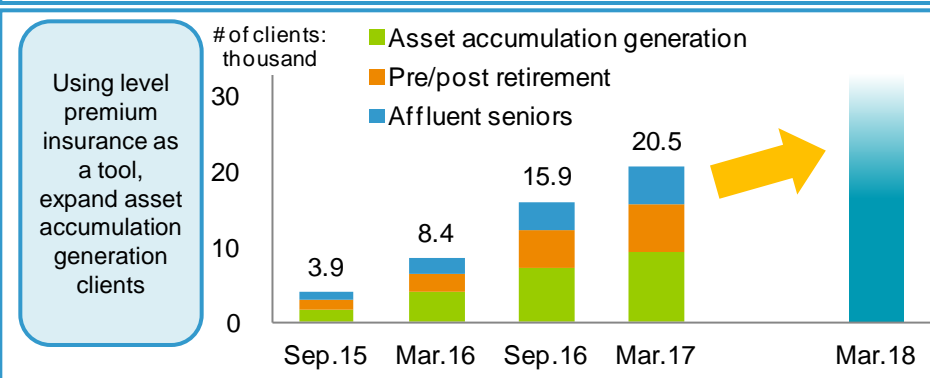
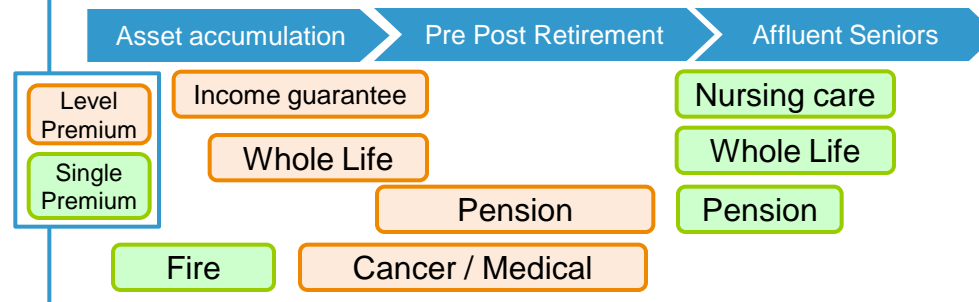


Insurance business strategy

Develop simple/easy to understand insurance that matches client lifecycles



Comprehensive insurance consulting that matches client lifecycles

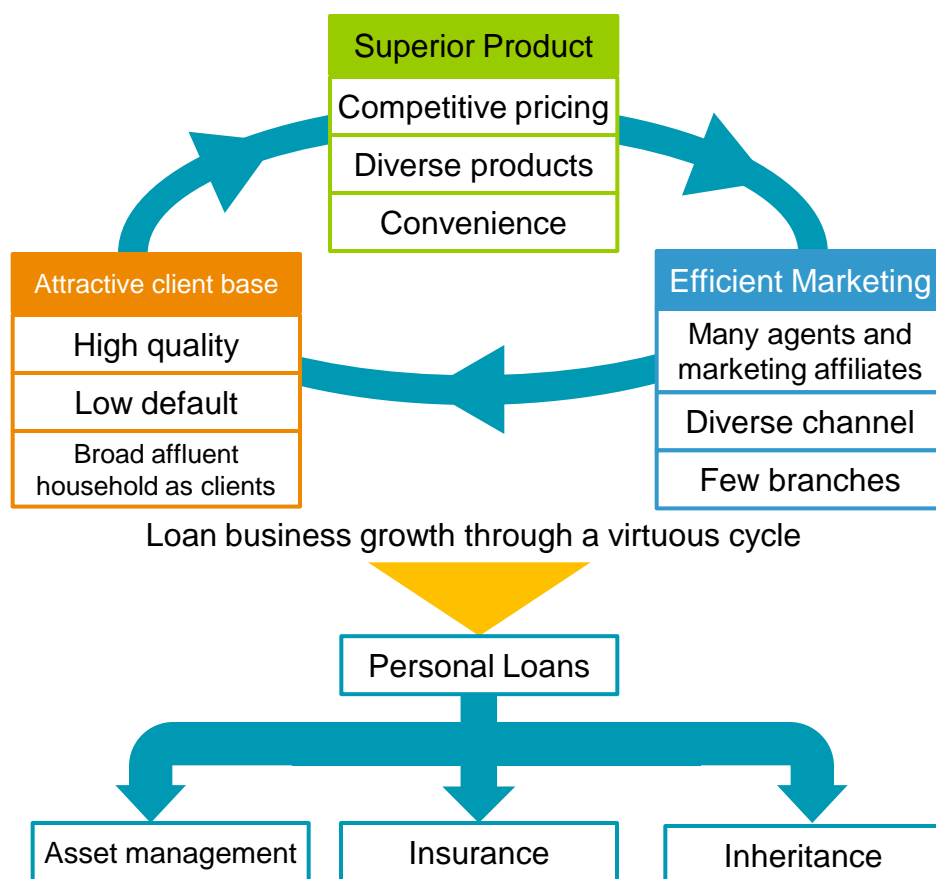


Retail Total Solution Business: Personal loans and mortgages ①

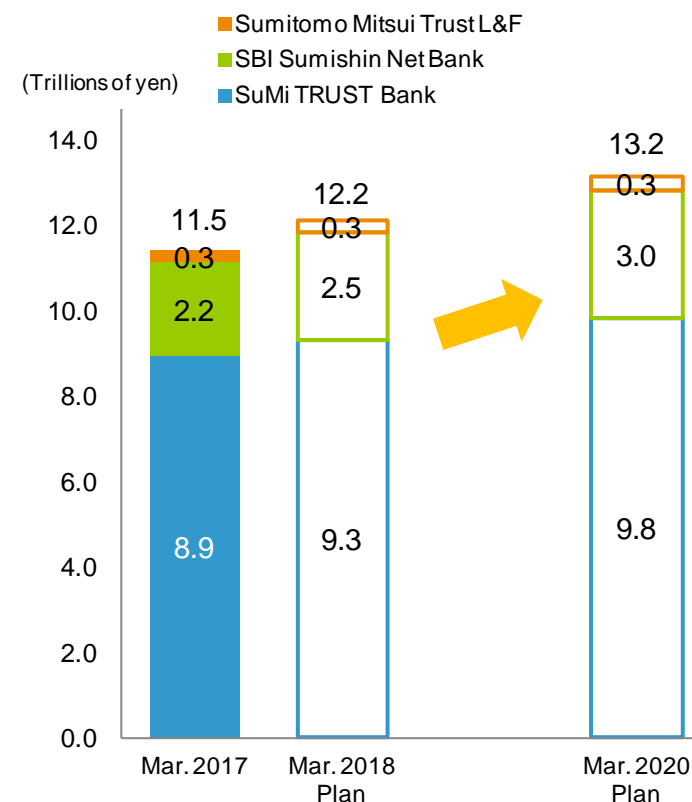
Mid to long term goal

- ▶ Build up high-quality assets with an efficient marketing structure and establish a stable earnings source for the business
- ▶ Evolve into clients' asset and liability consulting services using personal loan transactions as a point of entry

Business model

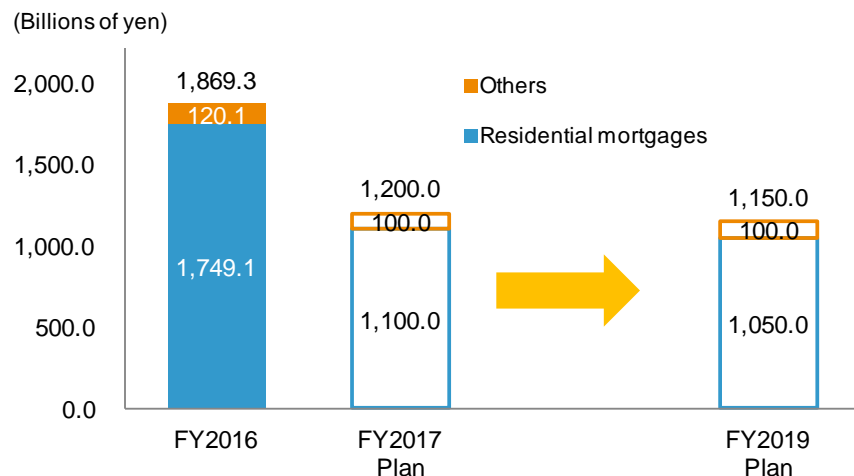


Personal loan balances

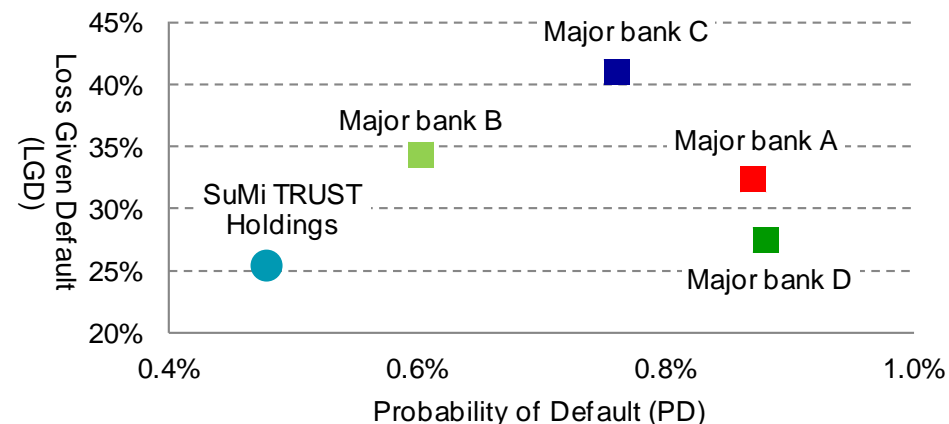


Retail Total Solution Business: Personal loans and mortgages ②

Advanced amount of Personal loan

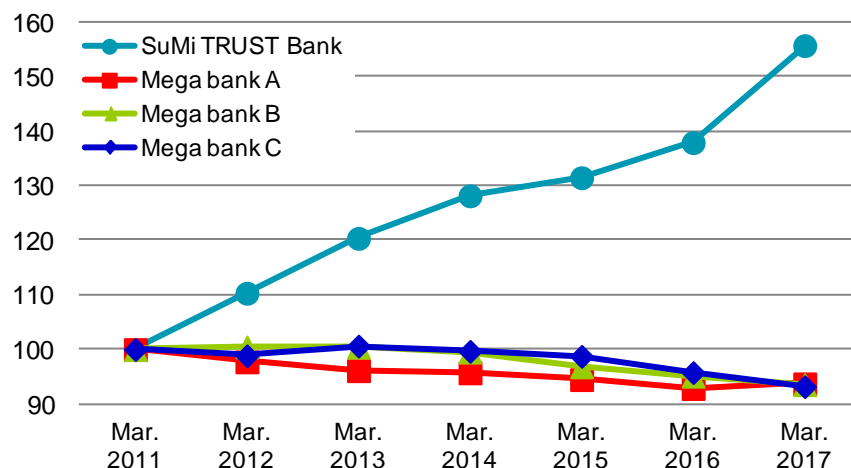


Credit profile comparison



[Source] 1HFY2016 Disclosure documents

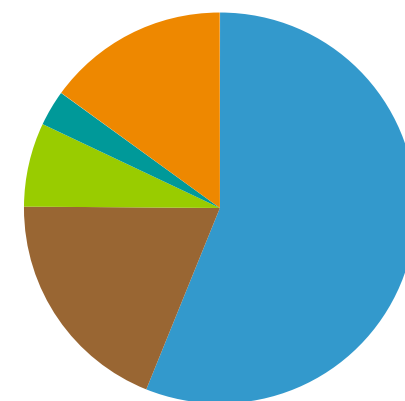
Growth of mortgages among Major Banks (*)



(*) (Index : Mar. 2011=100) [Source] FY2016 Disclosure documents
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Loan sourcing by channel

- Route sales channel
- SBI Sumishin Net Bank
- Website
- Corporate / Business relationship
- Over the counter, etc.

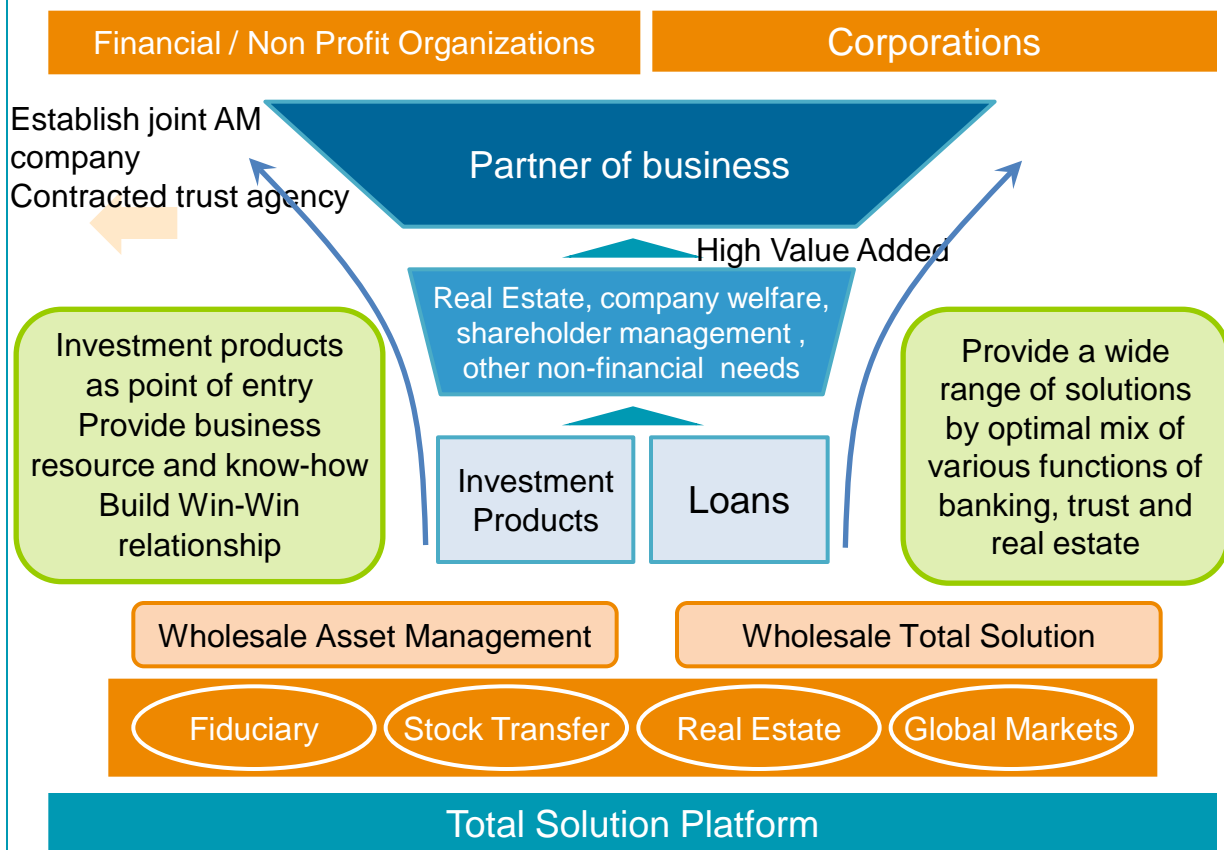


Wholesale business strategy: Outline

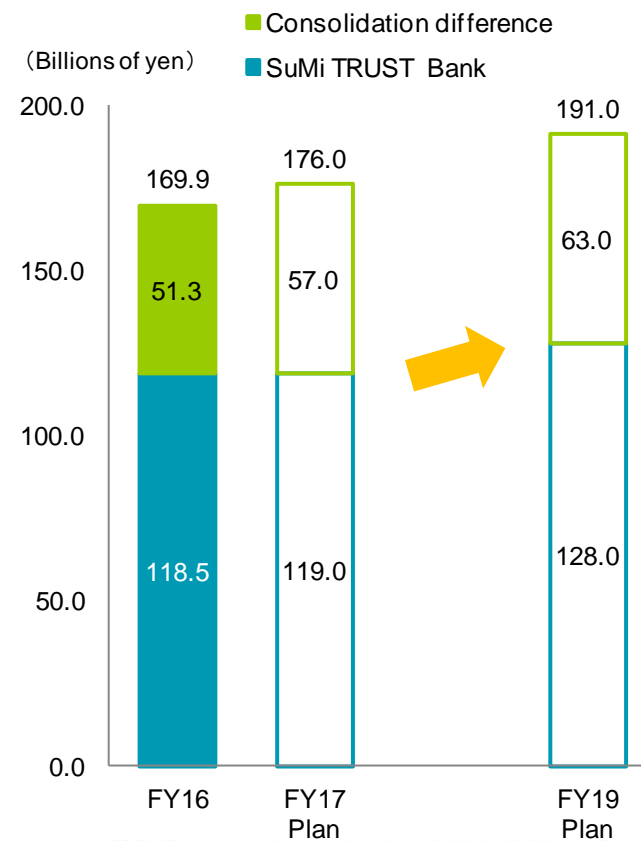
Mid to long
term goal
Business objective

- ▶ Wholesale total solution: To enhance enterprise value of clients, provide solutions utilizing expertise of banking, trust and real estate to solve management / financial issues related to liabilities, assets and capital
- ▶ Wholesale Asset Management: Separate wholesale asset management business arising from investment needs. Pursue wide range of high value added services, also to become a partner in business

Overview of Wholesale business



Growth of gross business profit



Wholesale Asset Management: Provide investment solutions

- Utilize asset management / administration know-how accumulated as a trust bank, to provide optimal solutions to diversified needs of clients

Our competitive advantage

Investor

Vertical integration from product development, proposal, investment and monitoring

<Consultation>

Provide optimal investment product based on investors' needs

<Sourcing>

Insight of numerous risk taking opportunities and asset classes

<Arrangement>

Utilize trust functions to modify the investment risk profile and structure so that it is acceptable to the investor

<Support>

Risk management, monitoring, investment execution and follow-up

SuMi TRUST Group

Know-how and functionality acquired as a trust bank

Investment / Lending

Asset management Administration

Real Estate

Global Markets

Added value by client segment

Investor Size

Central institutions
(Insurers, National level cooperatives)

Provide bespoke products
Fully utilize trust functions

Regional institutions
(Regional banks, cooperatives)

Joint investment
Provide risk management functions

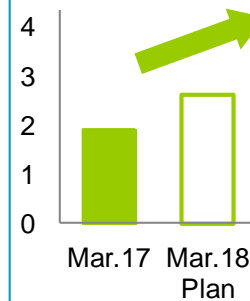
Non Profit
(Schools, Religious institutions, foundations)

Utilize trust functions to create investments that matches the clients' size and needs

Wholesale asset management AUM is increasing steadily

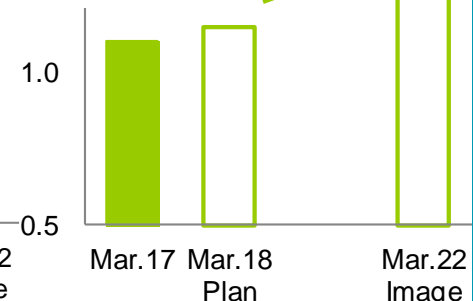
Private investment trusts, PE Strategic products

(Trillions of yen)



Joint money trusts etc.

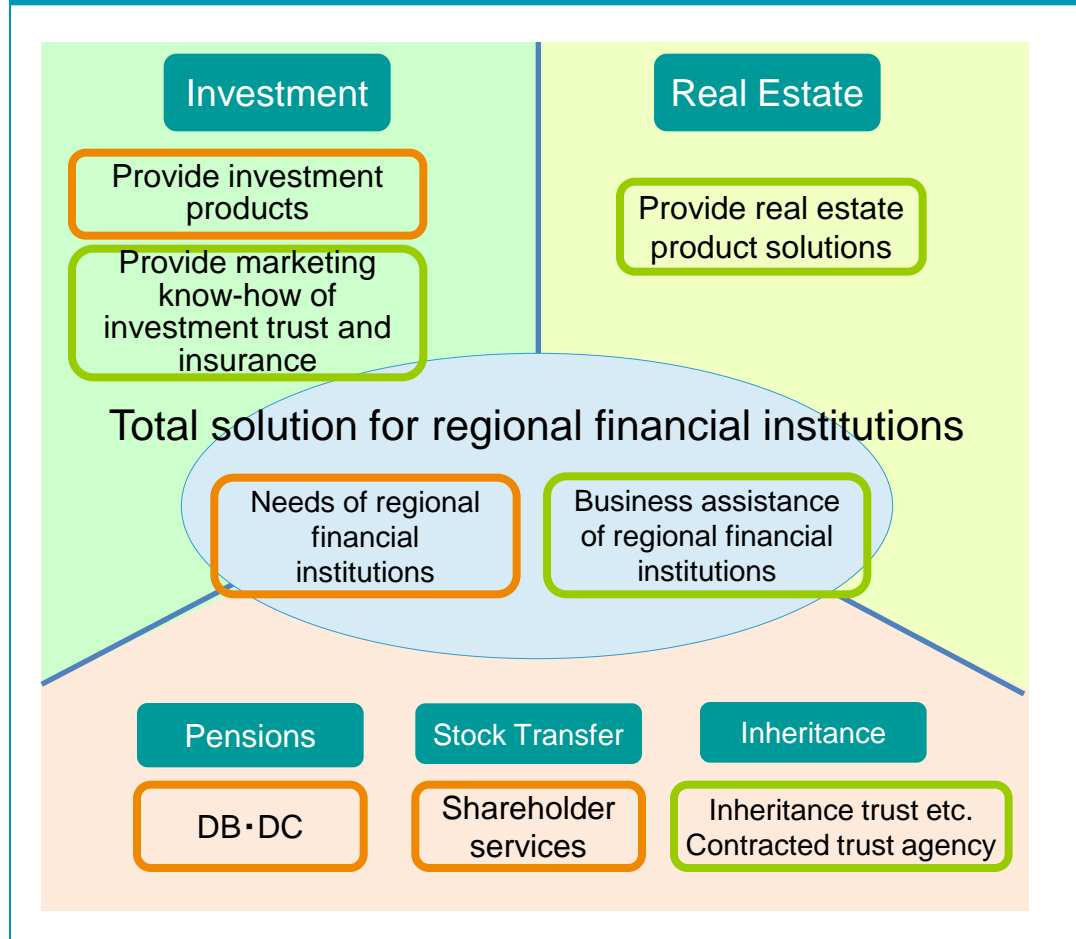
(Trillions of yen)



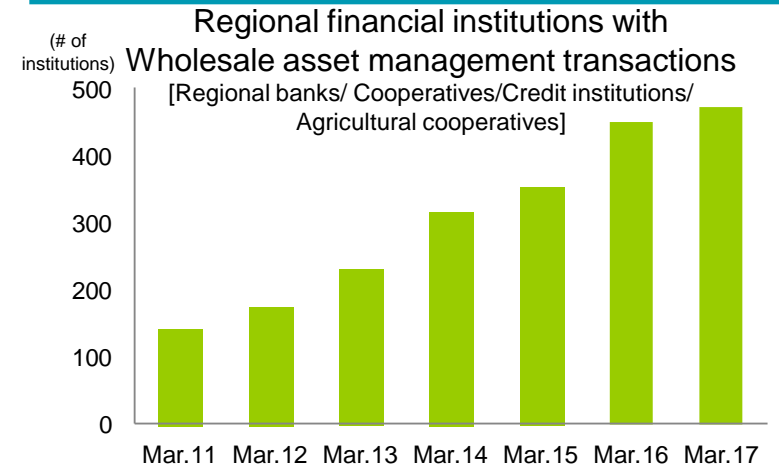
Wholesale Asset Management: Strengthen ties with regional financial institutions

- ▶ Offer financial institutions and non-profit organizations not only with investment opportunities, but also total solutions that fully utilize trust bank functions
- ▶ Establish Win-Win relationships by strengthening ties with regional financial institutions

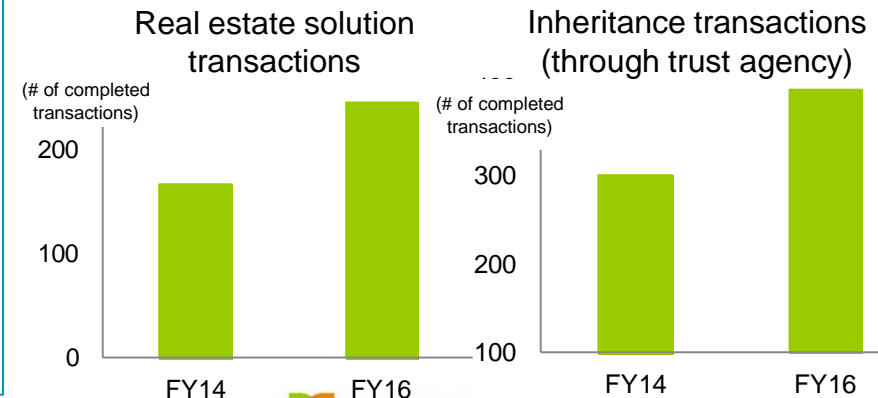
Overview of regional financial institutions' needs and solutions



Expand base of regional financial institutions



Results of partnerships



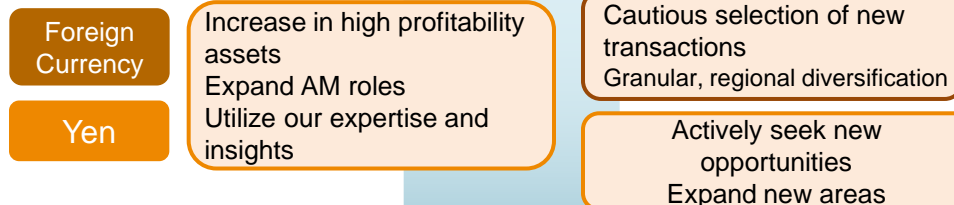
Wholesale Total Solution Business : Reformation of our credit portfolio

Aim of reformation

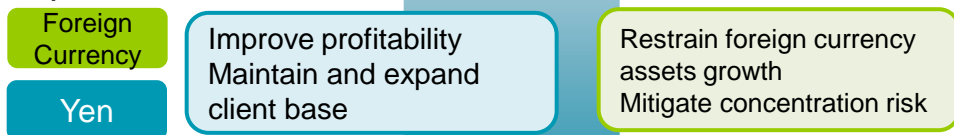
- ▶ Change strategy from balance sheet expansion to maintaining total volume. Construct a lean, profitable portfolio by replacing with higher profitability assets
- ▶ Restrain growth of foreign currency B/S, alleviate downside risk by enhanced management of portfolio risks such as concentration risk

Portfolio construction policy

Profitable product related loan etc.



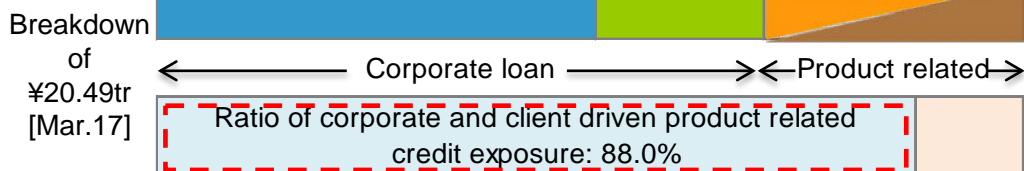
Corporate loan



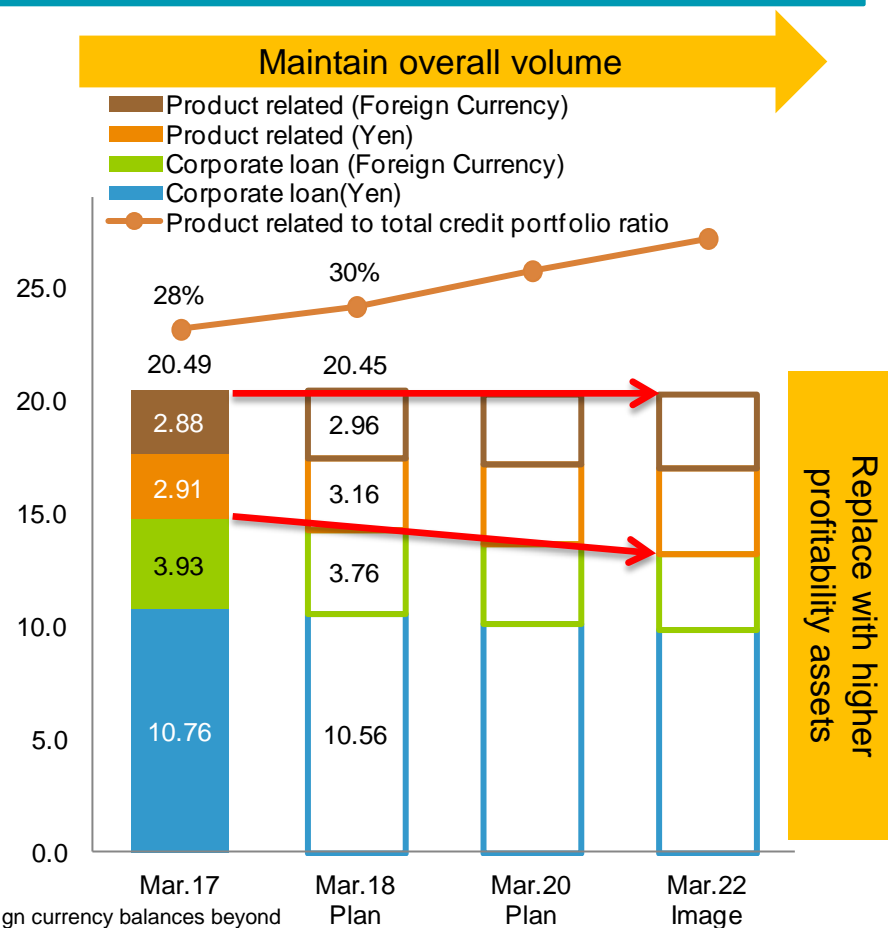
Goal

Optimize risk-return

Enhancement of client driven product related loan



Corporate credit portfolio trajectory



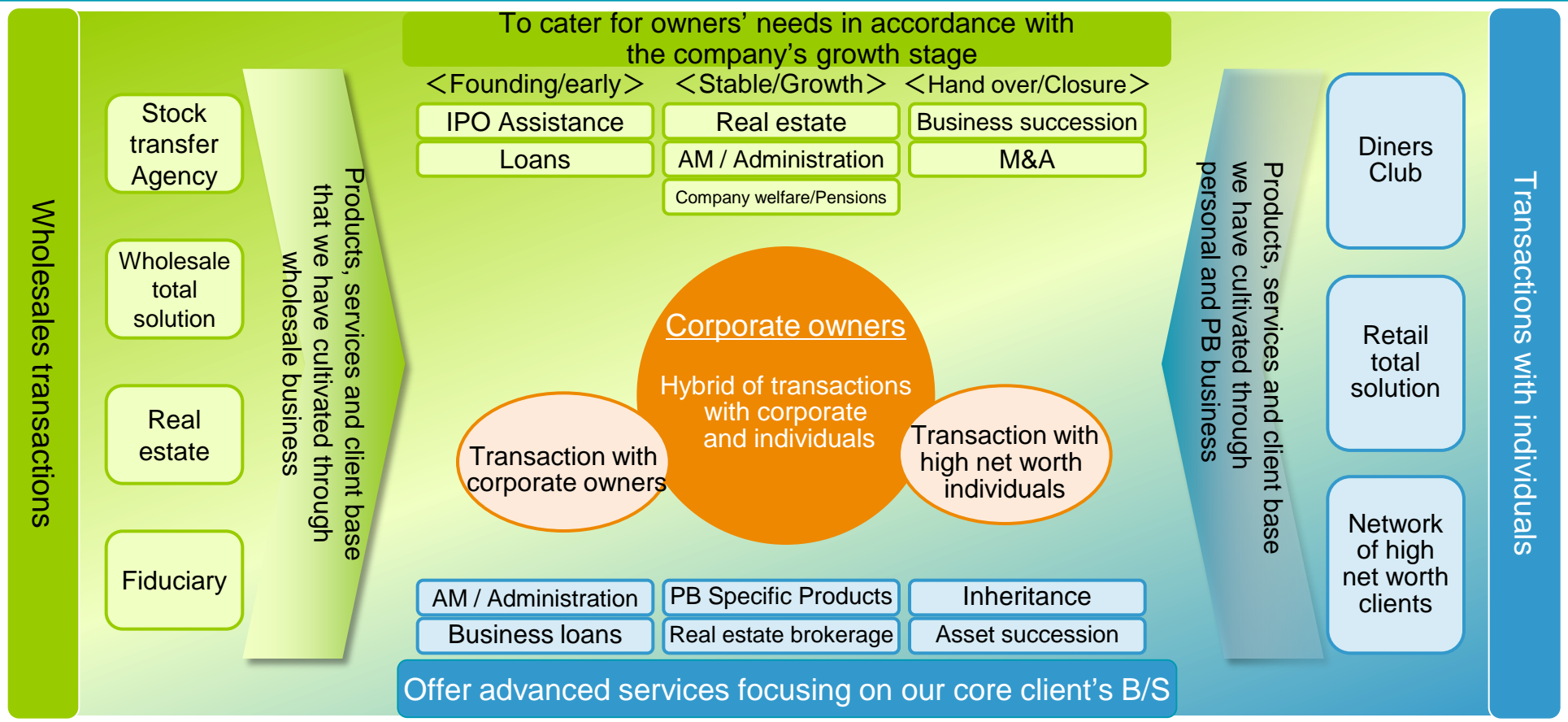
(*) Foreign currency balances beyond Mar. 18 assumes same FX rate as Mar. 17

Private Banking Business: Strengthening transaction with corporate owners

Mid to long term goal Business objectives

- ▶ Expand PB business using both corporate and individual client transactions as point of entry to access corporate owners
- ▶ Utilizing various trust related services, cater to diversified and complex needs of corporate owners

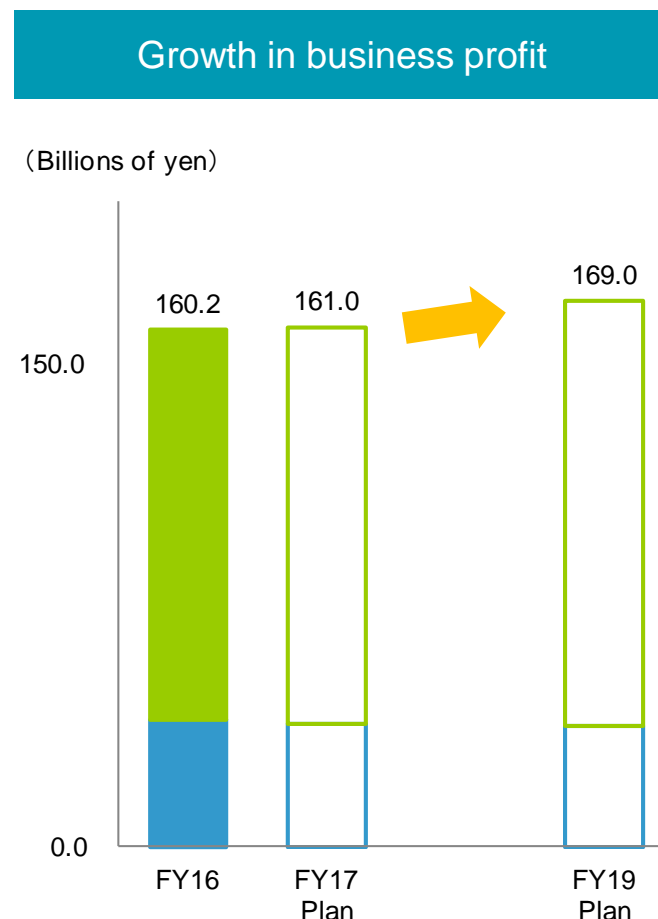
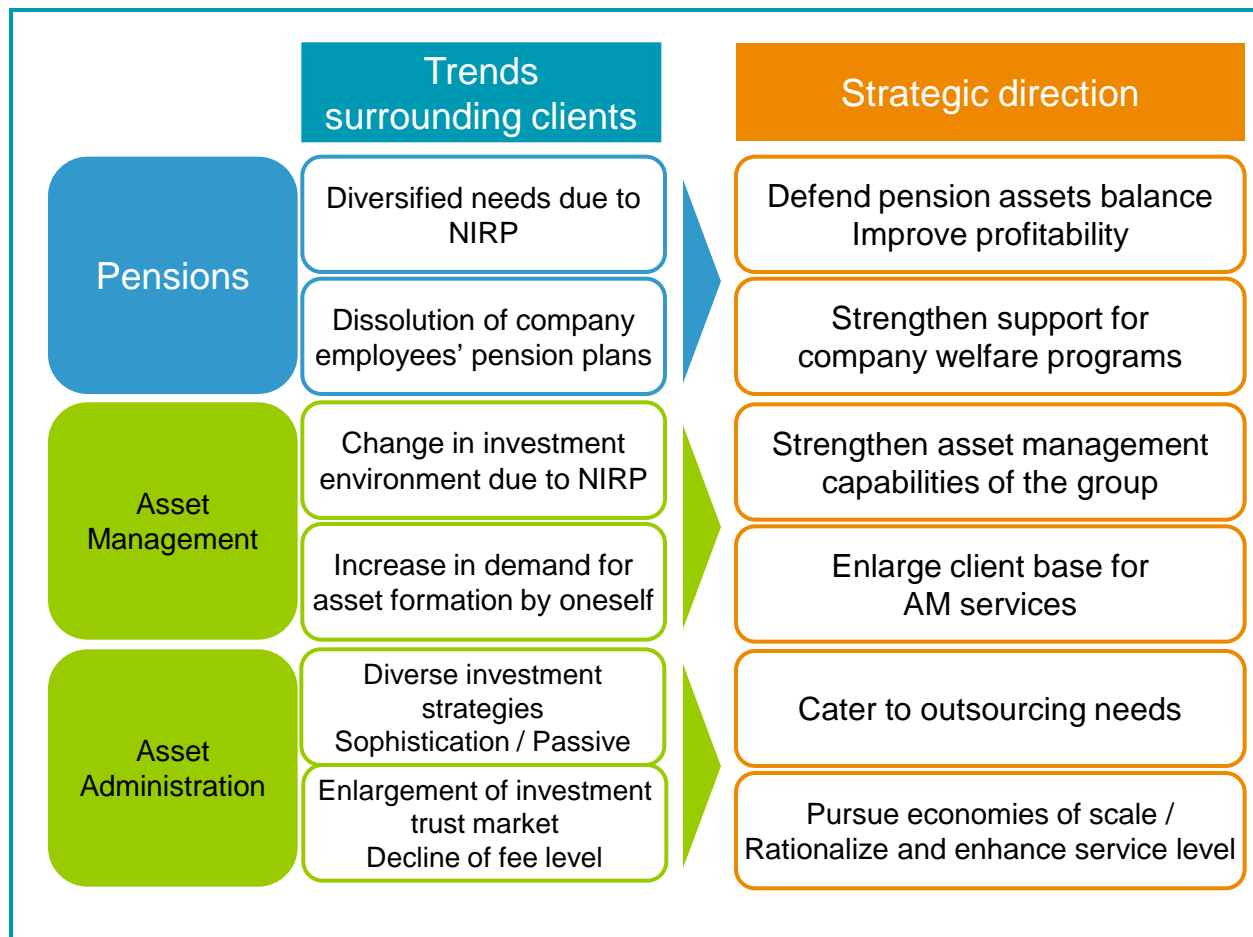
Roadmap to increase transactions with corporate owners



Fiduciary Business : Outline

Mid to long term goal Business objective

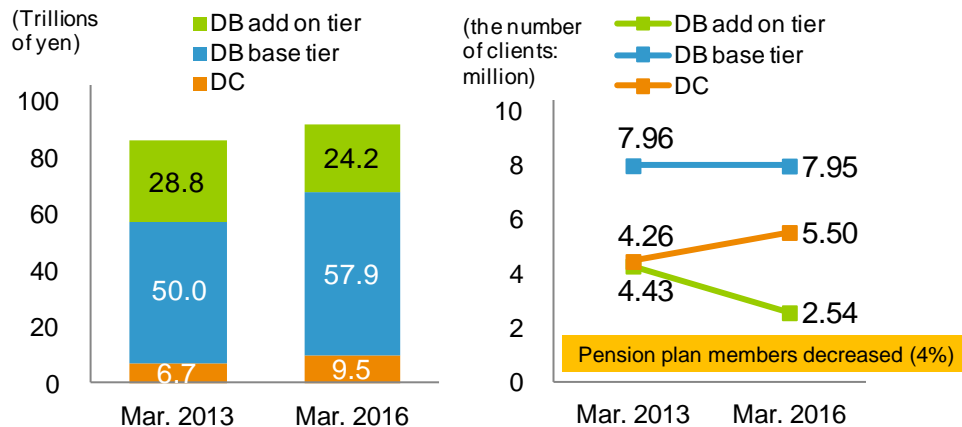
- ▶ As a banking group specializing in trust business, validate our strengths in asset management and administration roles which are core competencies of our trust business
- ▶ Pursue expansion of client base, investment / asset management balance and earnings by advocating "the bank to consult a welfare benefit program", "multi-boutique asset management group" and "evolution of asset management business model"



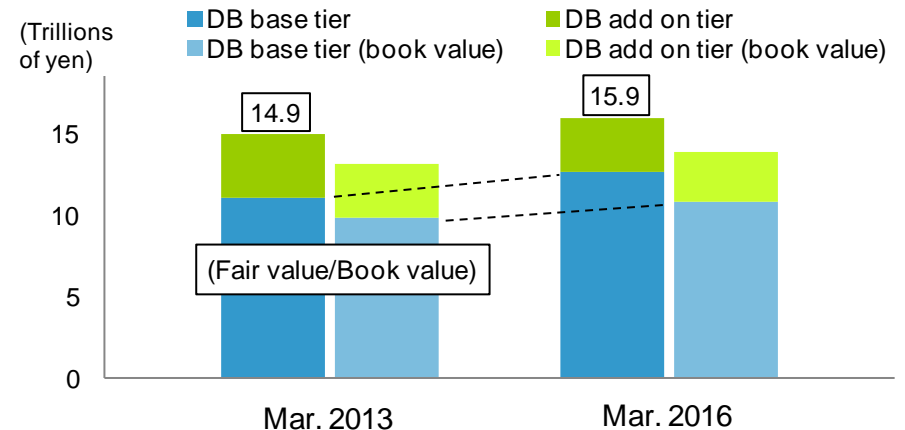
Fiduciary Business : Pensions business

- ▶ Maintain and expand client base and pension balance with proposals that grasps client needs, such as mitigation and reduction of pension financial risk, expansion of welfare benefits etc.
- ▶ Utilizing our strengths that seamlessly integrate pension plan design, asset management, and asset administration, we will endeavor to become the principal point of contact for corporate welfare support
- ▶ In response to the dissolution of the company employees' pensions, assist to preserve the pension system of each company through transition to DB・DC etc.

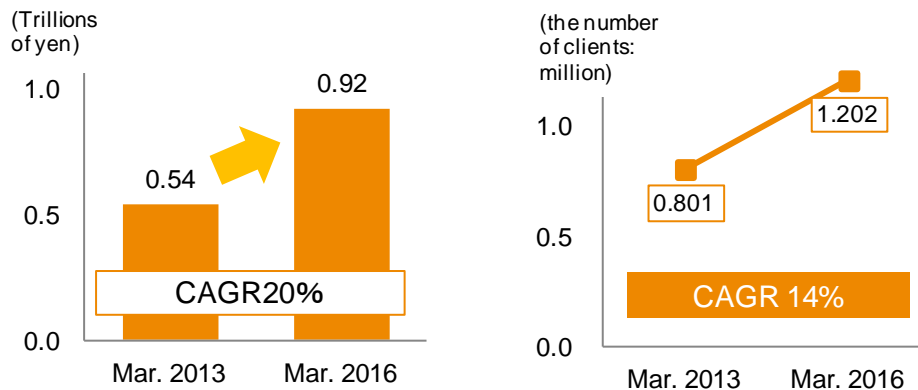
【DB・DC】 Pension assets, Plan members (Entire Market)



【DB】 Balance of pension trusts (SuMi TRUST Bank)

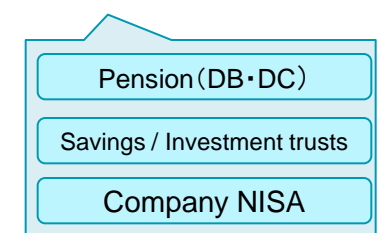
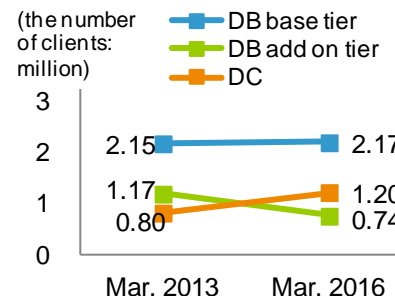


【DC】 DC Investment trusts・Plan members (SuMi TRUST Group)



Support for pension plan members

Even after the dissolution of company employees' pension fund, the number of pension plan members is flat due to transition to other eligible plans, supporting corporate welfare and employee's asset accumulation



(*2) DB Members: SuMiTB Lead manager
DC Members: SuMiTB Administrator

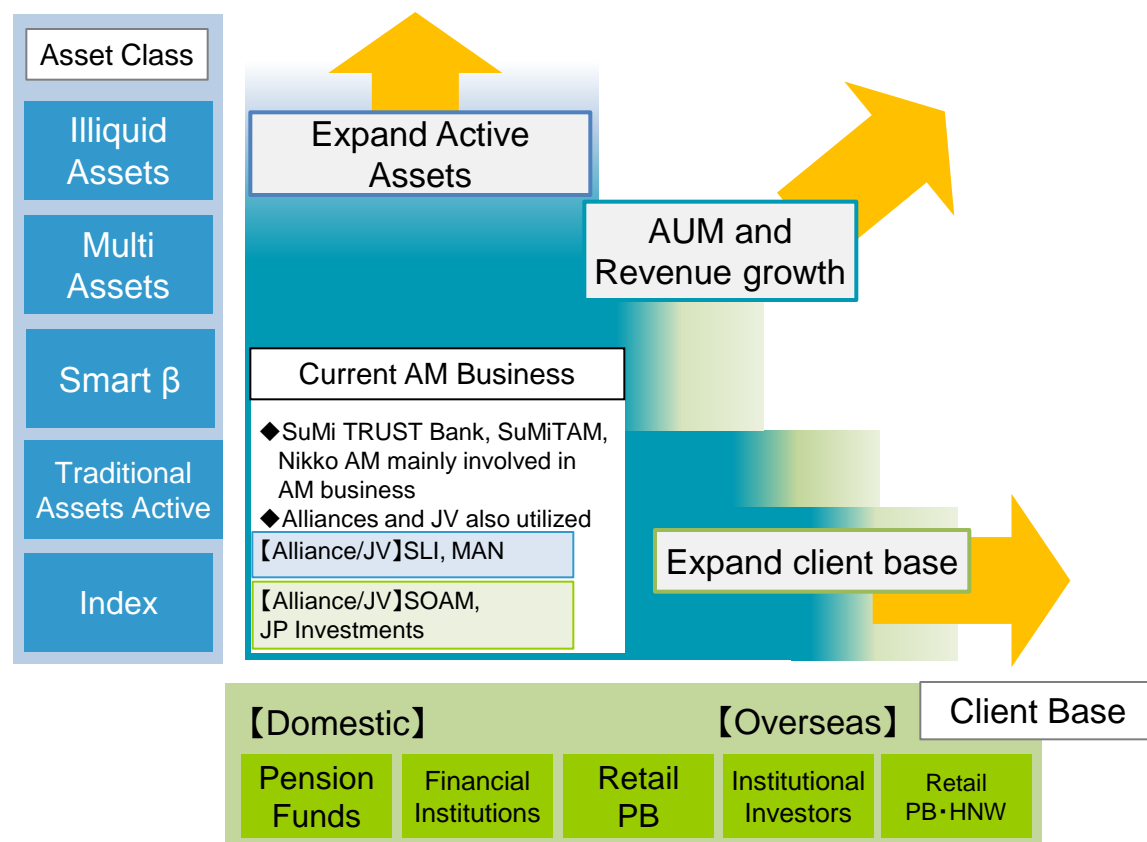
(*1) DC investment trust balance: combined figures of suMiTAM and Nikko AM

DC Members: SuMi TRUST Bank Administrator

Fiduciary Business : Asset management

- ▶ Our aim to become a "multi-boutique investment management group" that has diverse investment management companies within the group and grows leveraging their respective strengths
- ▶ Promote the development of an all-weather-type organization that can provide high-quality investment products to meet diverse client needs of a changing age
- ▶ Utilizing alliances and joint ventures, target to establish asset management capabilities and client base that positions ourselves in the global top 20 firms
- ▶ Growth strategy under consideration by merging broad range of trust banking businesses with investment trust (SuMiTAM) which is a growth area

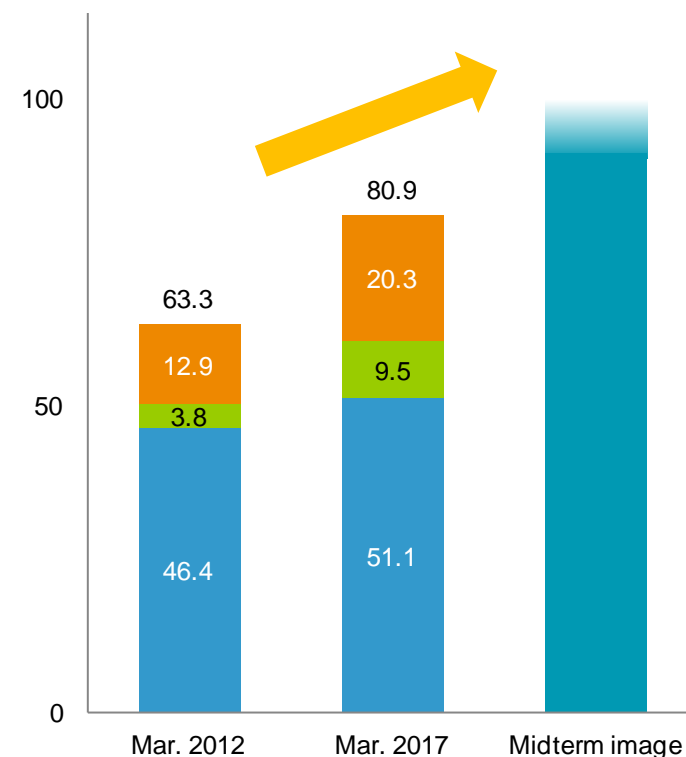
Growth trajectory of "multi-boutique investment management group"



Growth in business profit

(Trillions of yen)

■ NAM ■ SuMiTAM ■ SuMi TRUST Bank

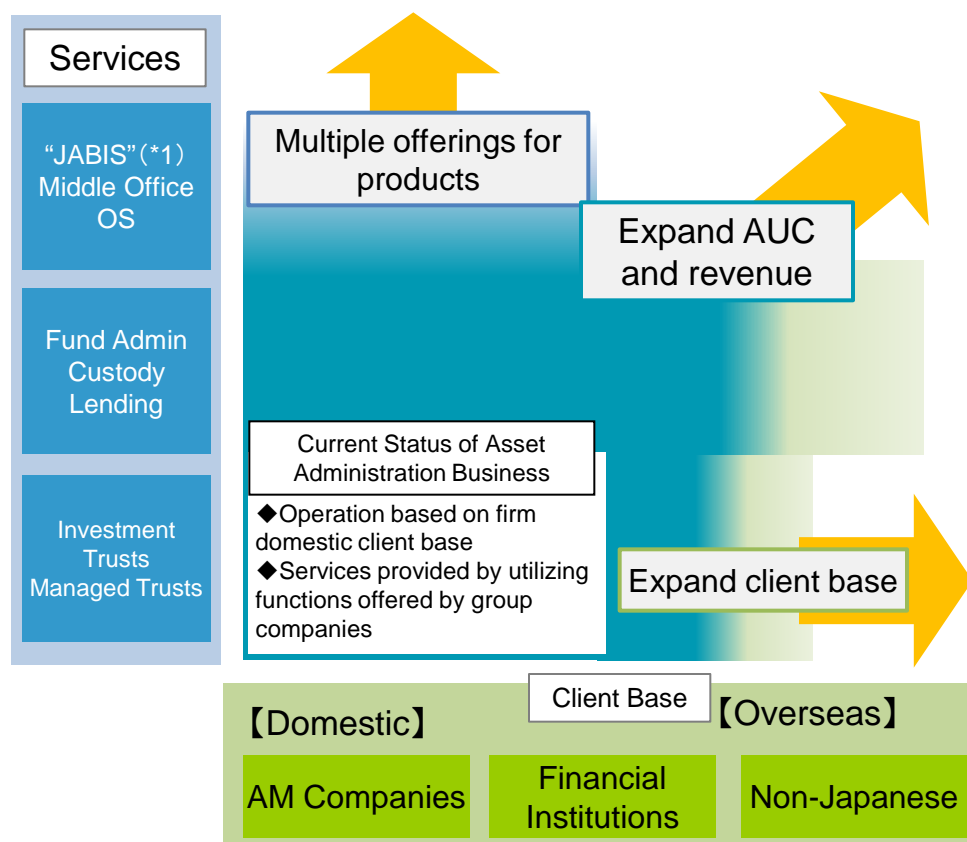


(*) SLI: Standard Life Investment SOAM: Sky Ocean AM

Fiduciary Business : Asset administration

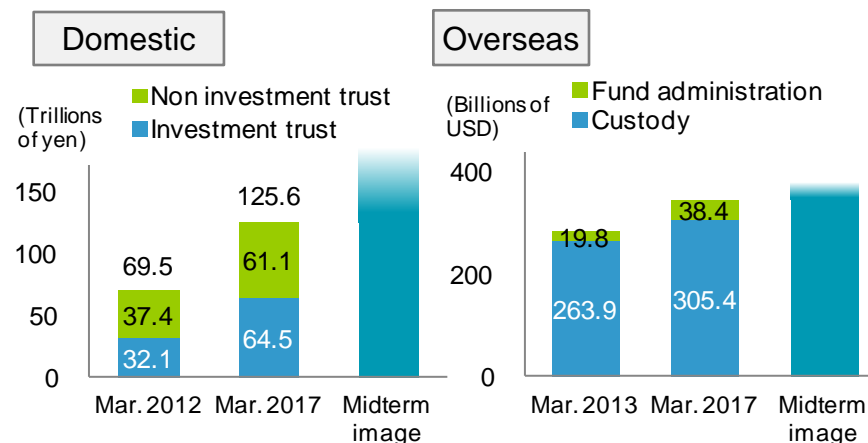
- ▶ To respond to sophistication and outsourcing needs of asset management due to increased diversification and complexity through group collaboration
- ▶ Pursue rationalization and service improvement making use of economies of scale while increasing asset management balance and profit by expanding client base and range of products on offer

Growth trajectory by sophistication of asset administration model



(*1) JABIS: Outsourcing services for middle and back office for AM companies

Growth trajectory of group AUC



Plan to merge our asset administration subsidiary (JTBS)

- ◆ In principle agreement between major shareholders to merge our asset administration subsidiary JTBS with TCSB
- ◆ Utilizing economies of scale, to pursue business rationalization and service enhancement

JTBS

Shareholdings: SuMi TRUST (66.6%), Resona Bank (33.3%)
AUC: 294trn yen (of which trust assets 244trn yen)

TCSB (*2)

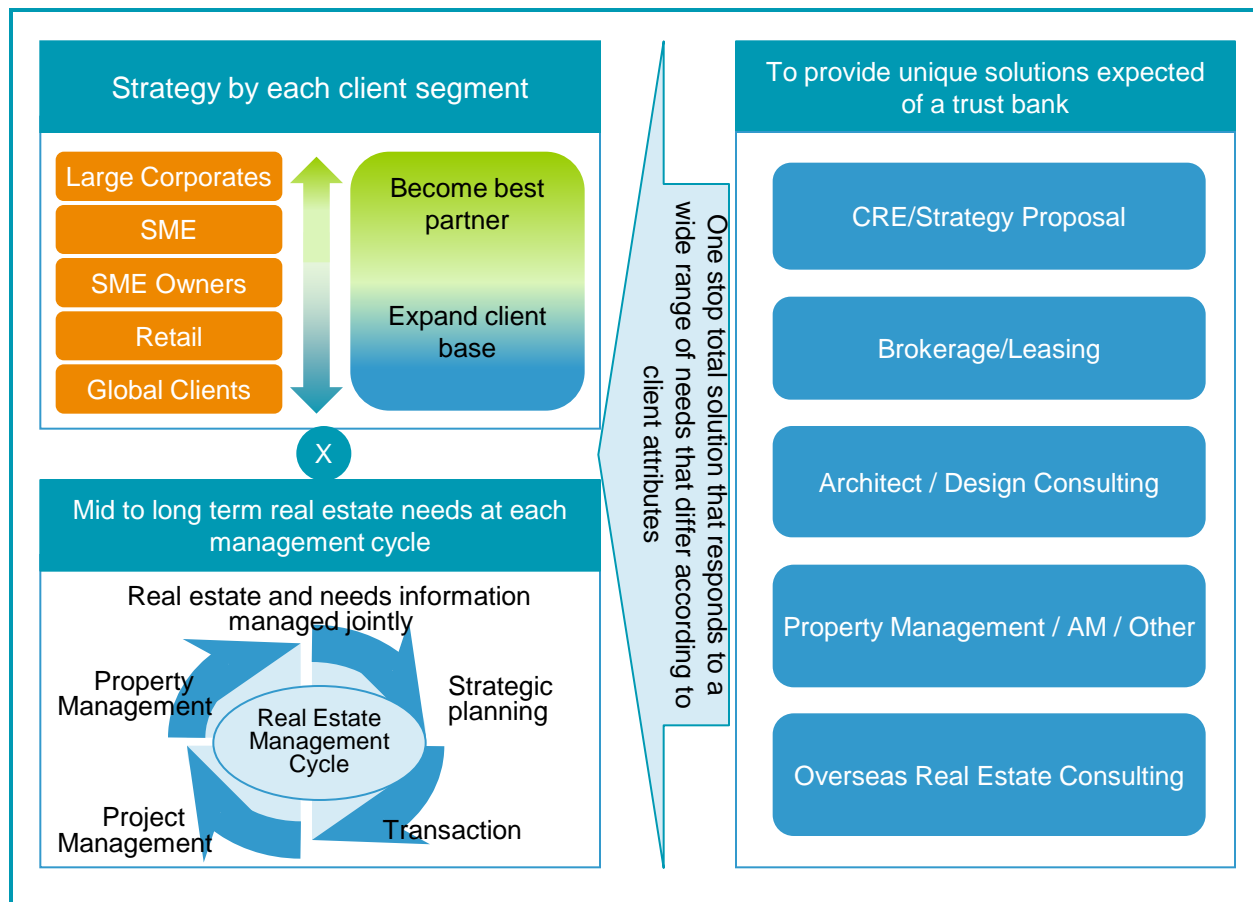
Shareholdings: Mizuho FG (54%), Dai-ichi Life Ins (16%), etc.
AUC: 375trn yen (of which trust assets 135trn yen)

(*2) TCSB: Trust & Custody Services Bank

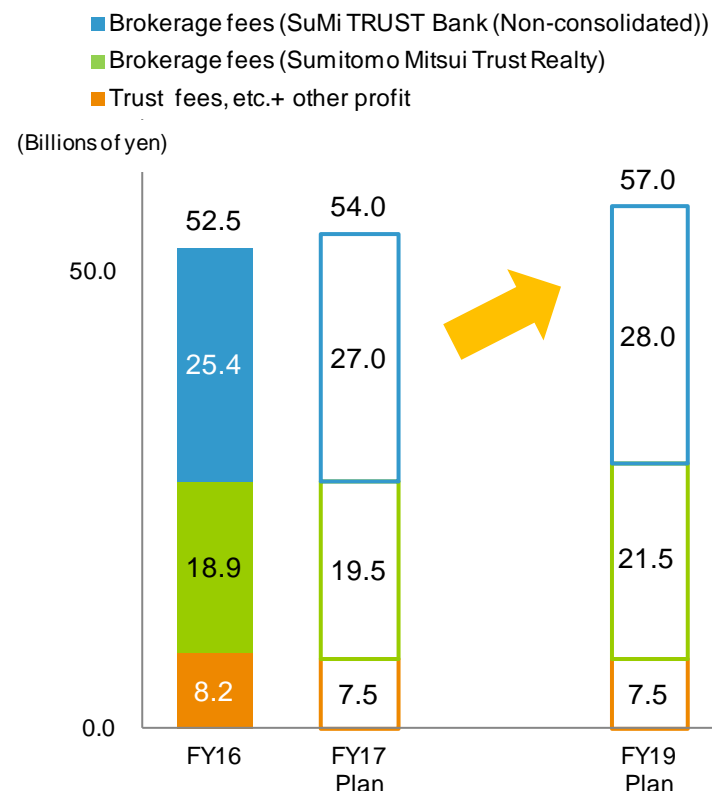
Real Estate Business: Outline

Mid to long term goal
Business objective

- ▶ Capture real estate needs arising from each stage of its life cycle, converting flow income into a stable income
- ▶ Provide “one-stop” solutions that is made possible by a trust bank’s multiple capabilities



Growth in business profit



Real Estate Business: Strengthen recurring revenue to stabilize divisional earnings

- ▶ Increase AUM of securitized real estate transactions and REITs to increase recurring revenue
- ▶ Coordination with other divisions to find transactions at an early stage, consultation to earn trust of clients to differentiate ourselves

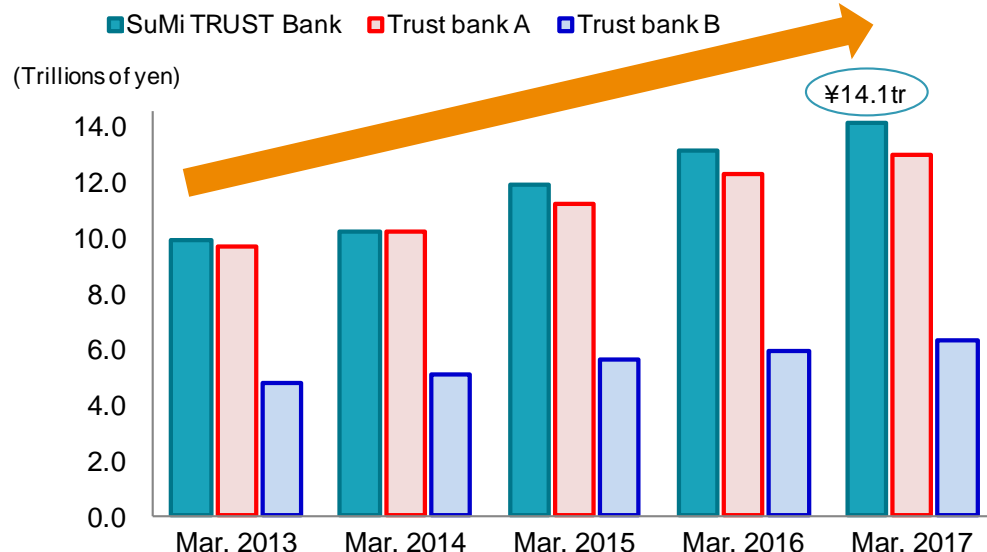
Real estate securitization products AUM

To strengthen our consulting capability by utilizing our know-how as trustee

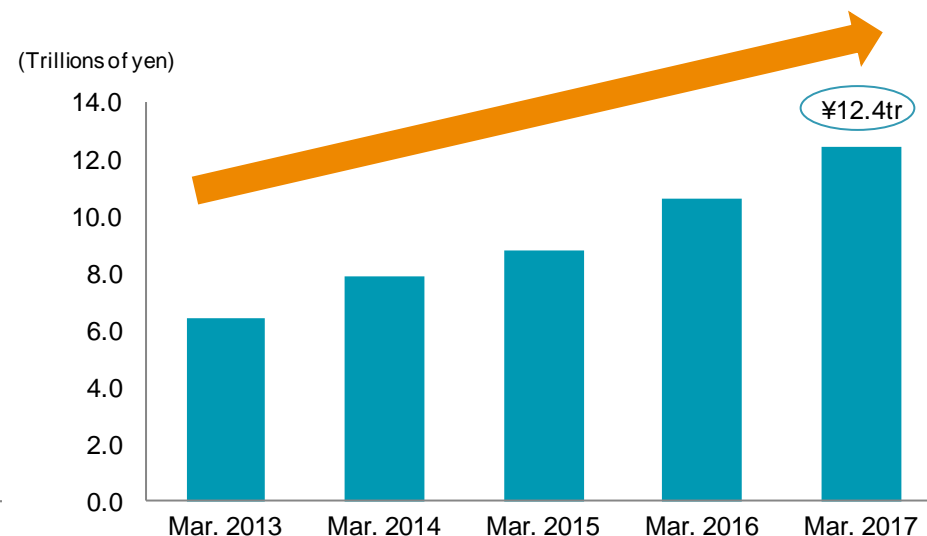
J-REIT administration AUM

To enhance to provide consultation during REIT establishment stage, such as system and operational flow and human resource assistance

Real estate securitization trusts under administration (Balance)



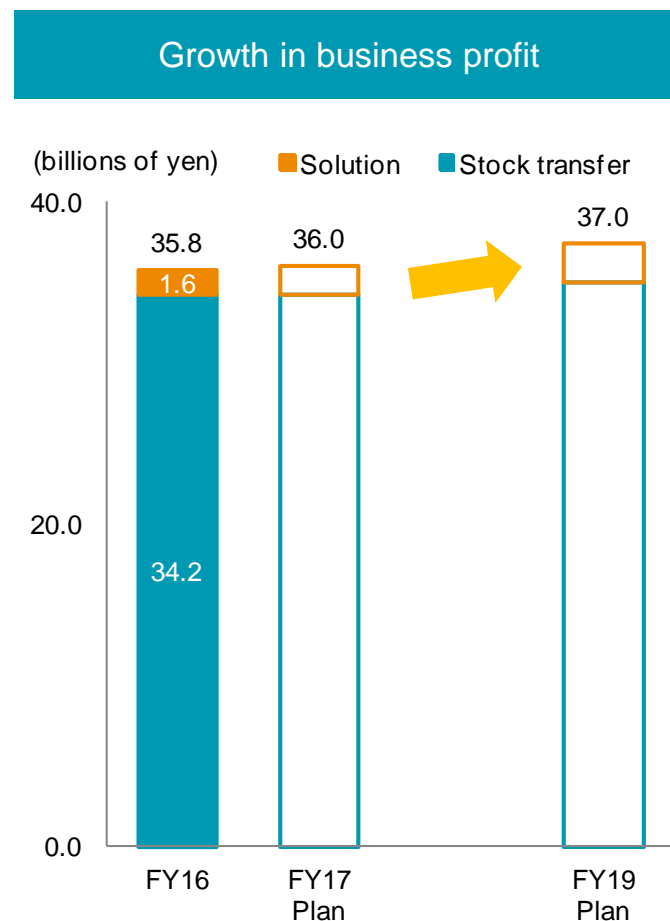
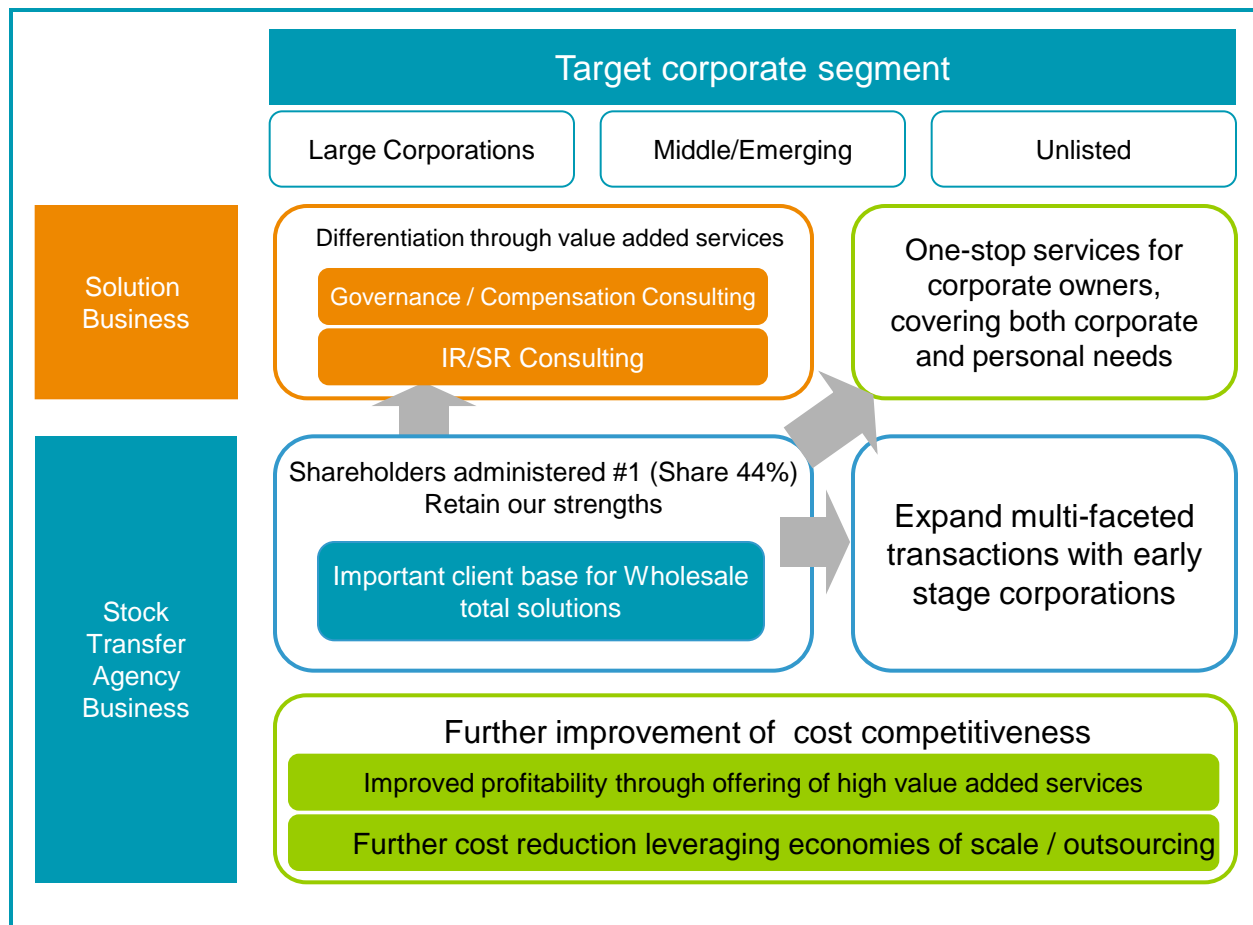
Trustee for real estate investment vehicles (Balance)



Stock Transfer Agency Business: Outline

Mid to long term goal
Business objective

- ▶ Broaden client base; number of managed shareholders / entrusted companies to be outstanding No. 1 in the industry
- ▶ Provide solutions with high added value. Expand corporate total solution transactions, strengthen profitability



Global Markets : Outline

Mid to long term goal Business objective

- ▶ Cautious management of U.S. Treasuries investments as hedging instrument for strategic shareholdings and credit investments
- ▶ Aim for stable revenue growth through enhanced client solution services and diversified investment strategy

Current market status

Possibility of lower negative correlation between US Treasuries and Japanese equities

Less leeway for interest rate decline as U.S. interest rates enter tightening phase

Lack of investment opportunities as low yen interest rate environment continues



Future Direction

Financial operations

- ▶ Cautious management of hedging strategic-shareholdings with investment in U.S. Treasuries
- ▶ Hedging operation of strategic shareholdings to continue
- ▶ Provide solutions to other business divisions

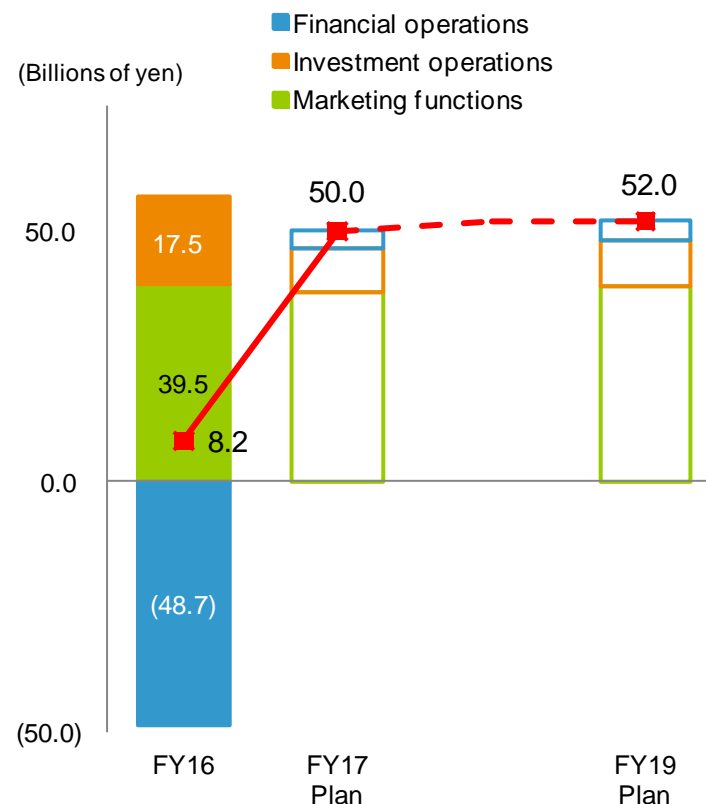
Investment operations

- ▶ Secure stable income through diversification of investment strategy
- ▶ Commercialize proprietary investment know-how

Marketing functions

- ▶ Enhance solution offering capability to clients' ALM and volatility management needs

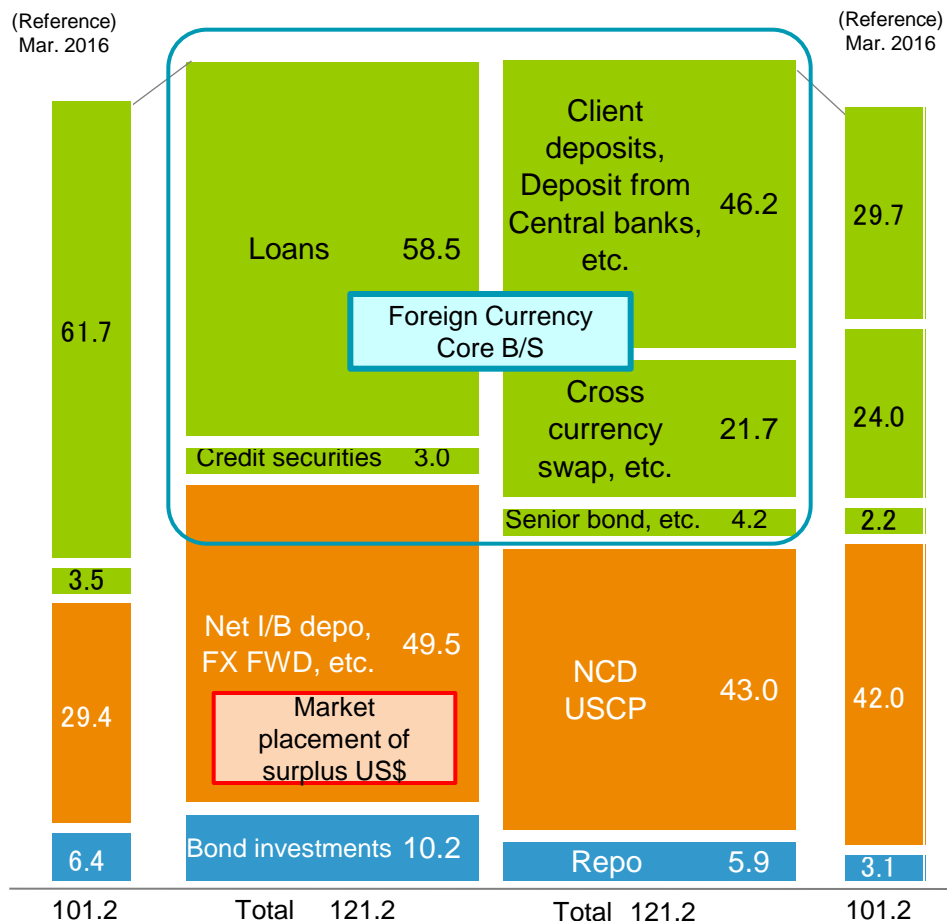
Growth in business profit



Global Markets : Foreign currency ALM management

- ▶ Funding cost of foreign currency core B/S has been reduced through increase of “sticky” client deposits, deposits from central banks and reduction of high cost yen cross currency swap funding
- ▶ Short term funding through NCD・USCP market designated as funding buffer, continues to be deployed as surplus funds in the interbank and forex market

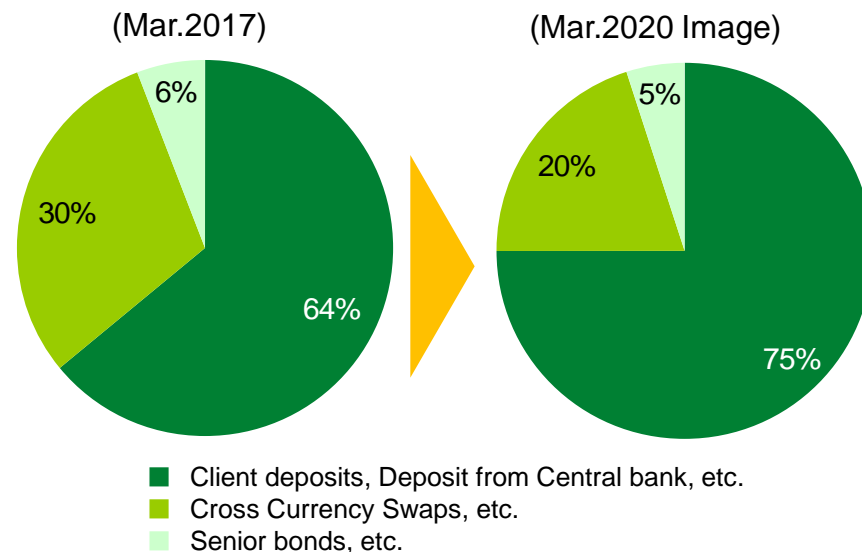
Foreign Currency B/S (as of 2017/3) (Unit: US\$ Bn)



Reduction of Funding Cost

- ▶ To reduce funding cost while liquidity risk management to be given full attention

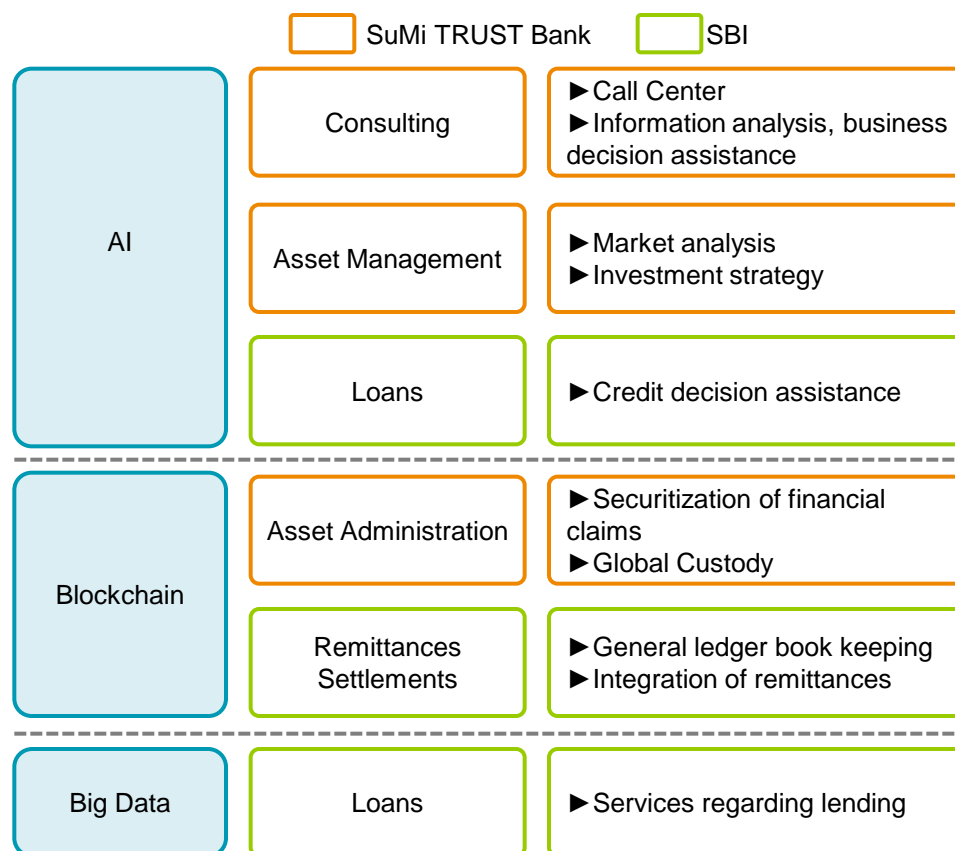
Shift to client deposits from swaps (CCS)



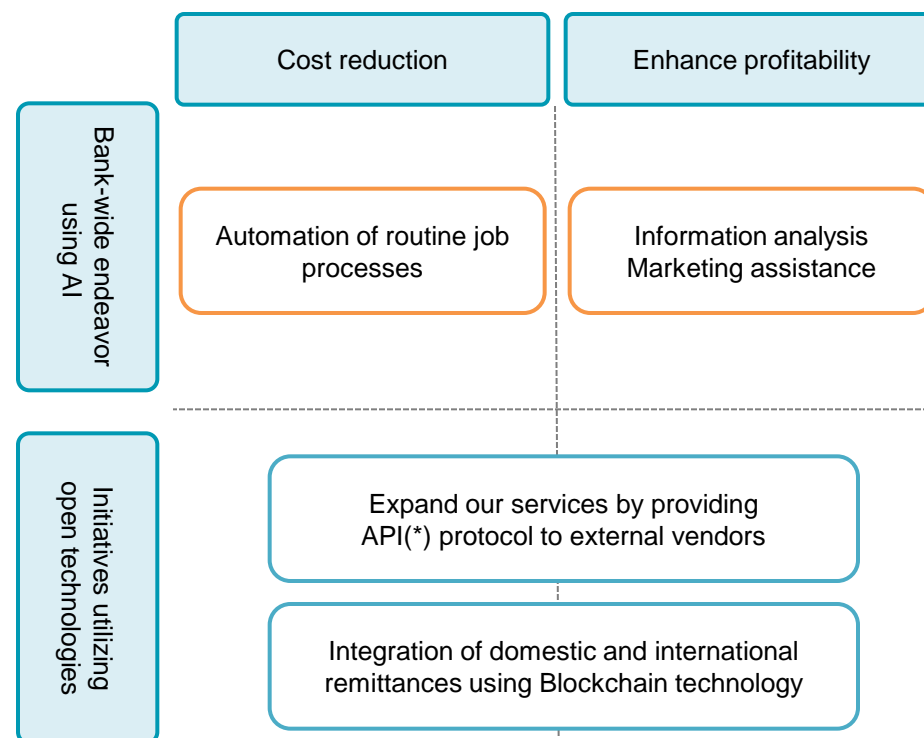
Action Policy / Aim

- ▶ SuMi TRUST Bank to spearhead not only banking but and trust related businesses and Sumishin SBI Net Bank (SBI) to drive banking related initiatives in FinTech
- ▶ Centered on trust businesses, to accelerate initiatives regarding two areas; cost reduction by enhancing operational efficiency and improve profitability of business lines, using open innovation technologies where applicable

FinTech Initiatives as a Group



Strategies for FY2017



(*) Abbreviation for Application Programming Interface. API is a scheme that allows developers / users to access specific functions and services provided by a system from another system

Expense plan

- ▶ Streamline and improve efficiency as a group, and pursue economies of scale with external parties to overhaul our cost structure
- ▶ At the same time, we shall aim to reduce our OHR (overhead ratio) to 55% to 59% range, restraining total expenses by implementing an expense strategy that prioritizes growth areas

Policies to restrain overall expenses

Cost control and reduction at group level

- ▶ Group-wide assessment of efficiency and return on investment of IT investments etc. to improve efficiency of these investments
- ▶ SuMi TRUST Holdings will lead a group-wide effort to review other expense items in all areas

Pursue economies of scale with external parties

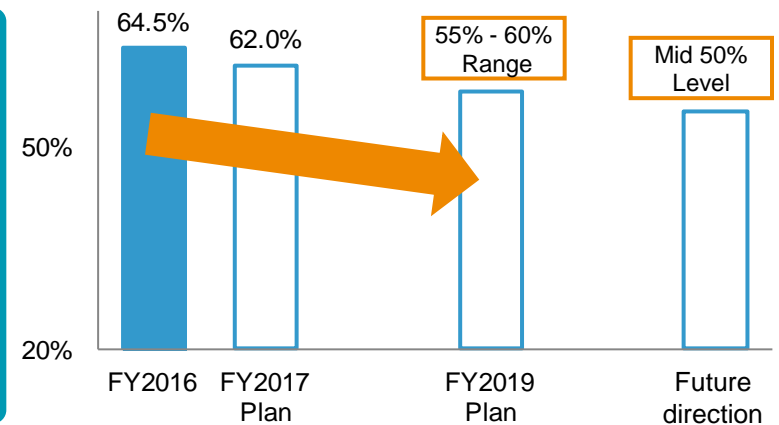
- ▶ Plan to merge asset administration bank
- ▶ Continue to investigate possibilities that could achieve economies of scale in other areas

Expenses planning with defined priorities

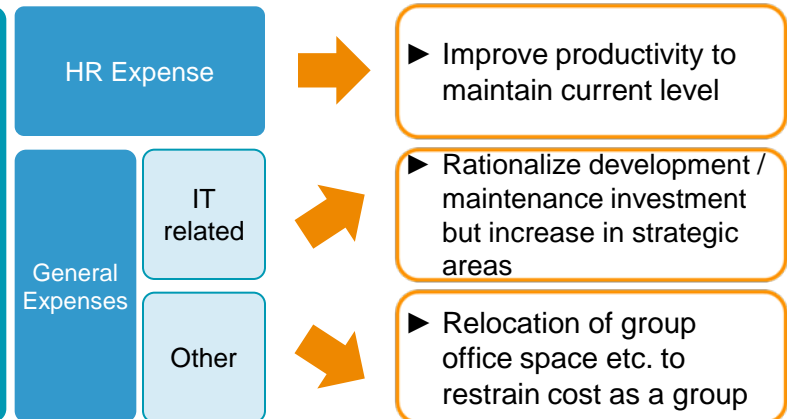
- ▶ Implement an expenses strategy that prioritizes growth areas to make effective use of resources

Expenses Plan Trajectory

OHR (Overhead Ratio)



Expenses trend by category (FY2016→FY2019)

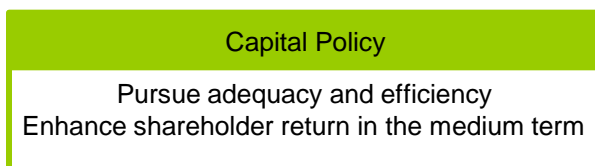


Financial / Capital policy

Financial / Capital policy

- ▶ We aim to maximize shareholder interest by pursuing policies to enhance quality and quantity of capital, and to improve capital efficiency
- ▶ Execute capital policy that conforms to our business model combining banking and trust, to organically manage it mindful of good corporate governance
- ▶ We aim to enhance shareholder return in the medium term by payment of dividends and share repurchases commensurate with earnings

Capital Policy conforming to our business model



Use capital for sustainable growth

Confirm adequacy of Capital Policy

Organic Management

Confirm robustness of business model, "clients' interest comes first" principle

Business Model

Fusion of banking and trust
Pursue ideals as a trust bank

Corporate Governance

Enhance transparency, ensure adequacy of management, prudent control of conflicts of interest, sophisticated risk management

Capital Policy Targets / Policies

Capital Adequacy (Target Level)

Common Equity Tier 1 Capital Ratio	Approx. 10%
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(Fully loaded basis)

+

Capital Efficiency (Target Level)

Shareholder ROE	Approx. 8%
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(Long term target)

10%

+

Shareholder Return (Policy)

Earnings Linked	Dividend Payout Ratio of around 30%
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(Depending on the situation)

Share repurchase to be implemented

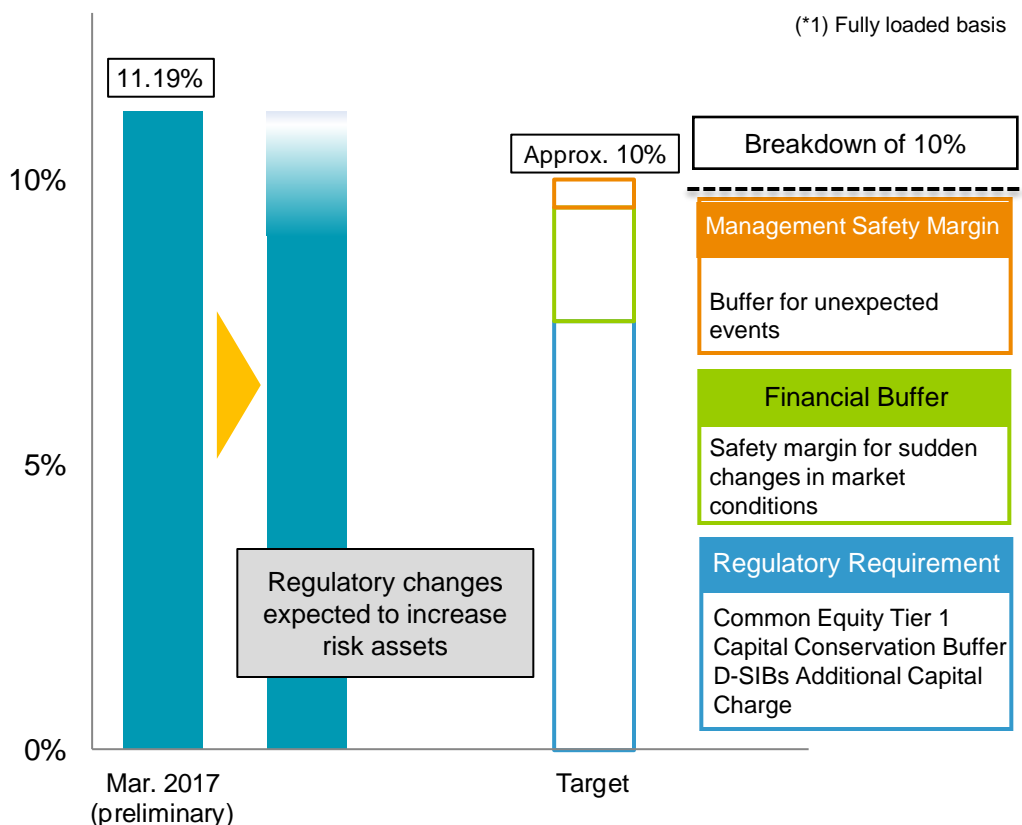
Medium term total shareholder return to be raised to around 40%

Financial / Capital policy: Capital adequacy

- ▶ For "trust" business, which assumes an extremely long-term fiduciary relationship with clients, a sound financial foundation and adequate capital are indispensable. As such, target level to maintain the Common Equity Tier 1 capital ratio at 10%
- ▶ Although the current level is expected to be 11.19% (Fully-loaded basis), this is not necessarily sufficient taking into account the possibility of increase in risk assets due to regulatory changes
- ▶ Selective and efficient utilization of risks assets, as well as continued effort to mitigate financial risks such as stock price volatility to reduce buffer requirement

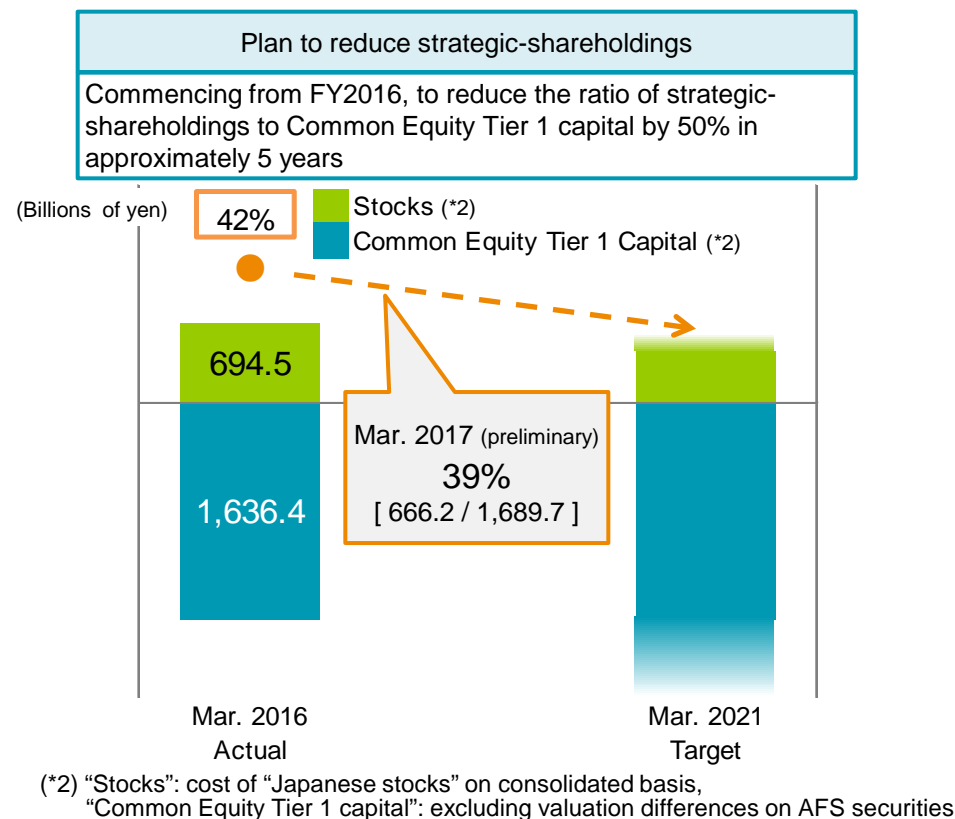
Capital Adequacy to be sufficiently maintained even after regulatory changes

Current Common Equity Tier 1 capital ratio (*1) and Target



Mitigate financial risk to reduce buffer requirement

Reduction of strategic-shareholdings, hedge operations to reduce stock price volatility

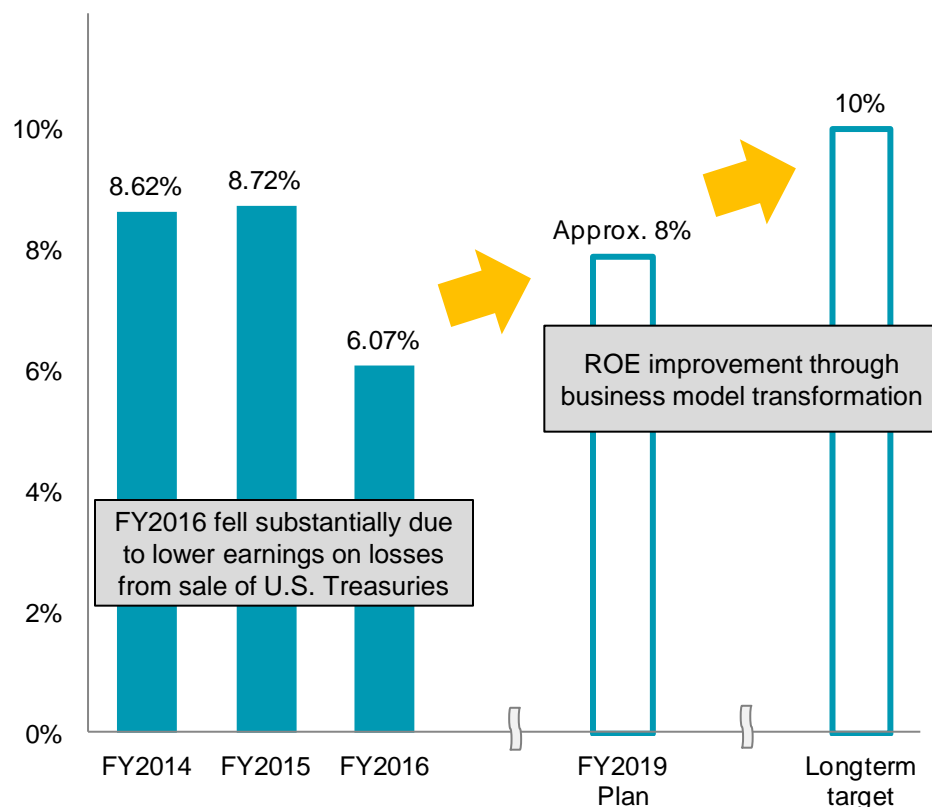


Financial / Capital policy: Capital efficiency

- ▶ Shareholders' equity ROE fell to 6% due to sluggish profits this term, but we plan to improve profit growth and capital efficiency through business model transformation
- ▶ As business model reform takes time, the Medium-term target will remain at around 8%, but aim 10% in the long term
- ▶ In order to improve capital efficiency, while considering the balance with sufficiency, to consider accelerating profit growth by making use of M&A and alliances, and capital management through share repurchases

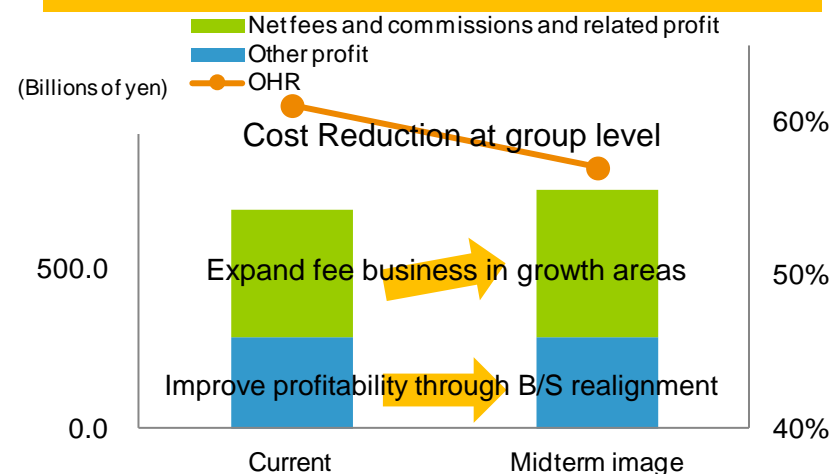
Continued efforts to improve capital efficiency

Shareholders' Equity ROE Trend and Target



Continued efforts to achieve profit growth

To achieve both profit growth and expense restraint



Expand business portfolio in areas where we can utilize our strengths

Company	Business	Investment	Objectives
Nikko AM	AM	2009	Add-on, expansion of business base
UK / IRE Subsidiaries	AM	2012	Add-on, expansion of business base
Sky Ocean AM	AM	2014	Expansion of business base
Sumitomo Mitsui Trust Club	Card	2015	Expansion of business base
MSRT(Railcar leasing)	Leasing	2016	Expansion of credit business
Cardif (Japan)	Insurance	[Under discussion]	Add-on of business function

Financial / Capital policy: Shareholder return

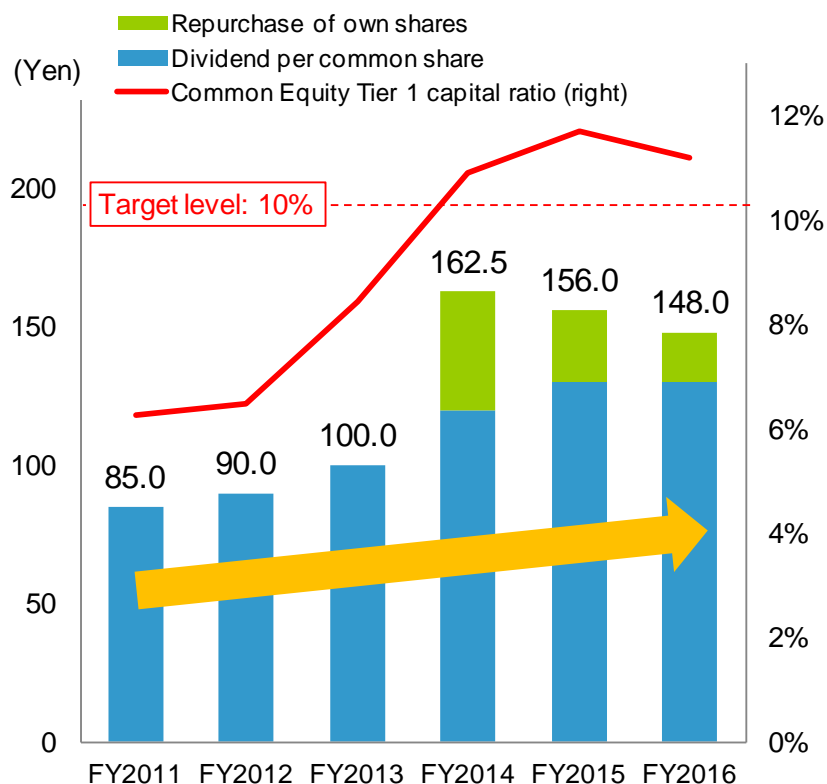
- We shall aim to enhance shareholder return in the medium term by payment of dividends and share repurchases commensurate with earnings by raising the total shareholder payout ratio to 40%

<Shareholder Return Policy>

As a means of returning shareholders' profits commensurate with earnings, we will maintain a dividend payout ratio of around 30% with respect to ordinary shares, while considering share repurchases based on the balance between profit growth opportunities and improvement in capital efficiency. In the medium term, we shall aim to gradually raise the total payout ratio to about 40% to enhance shareholder returns

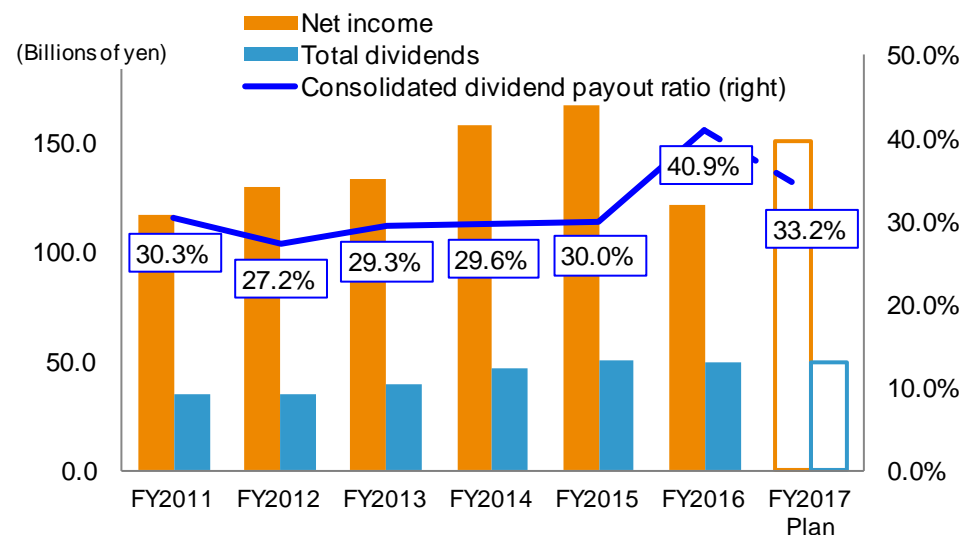
Shareholder payout per share

To enhance shareholder return in the medium term



Dividends commensurate with earnings

Consolidated dividend payout ratio has been around 30%



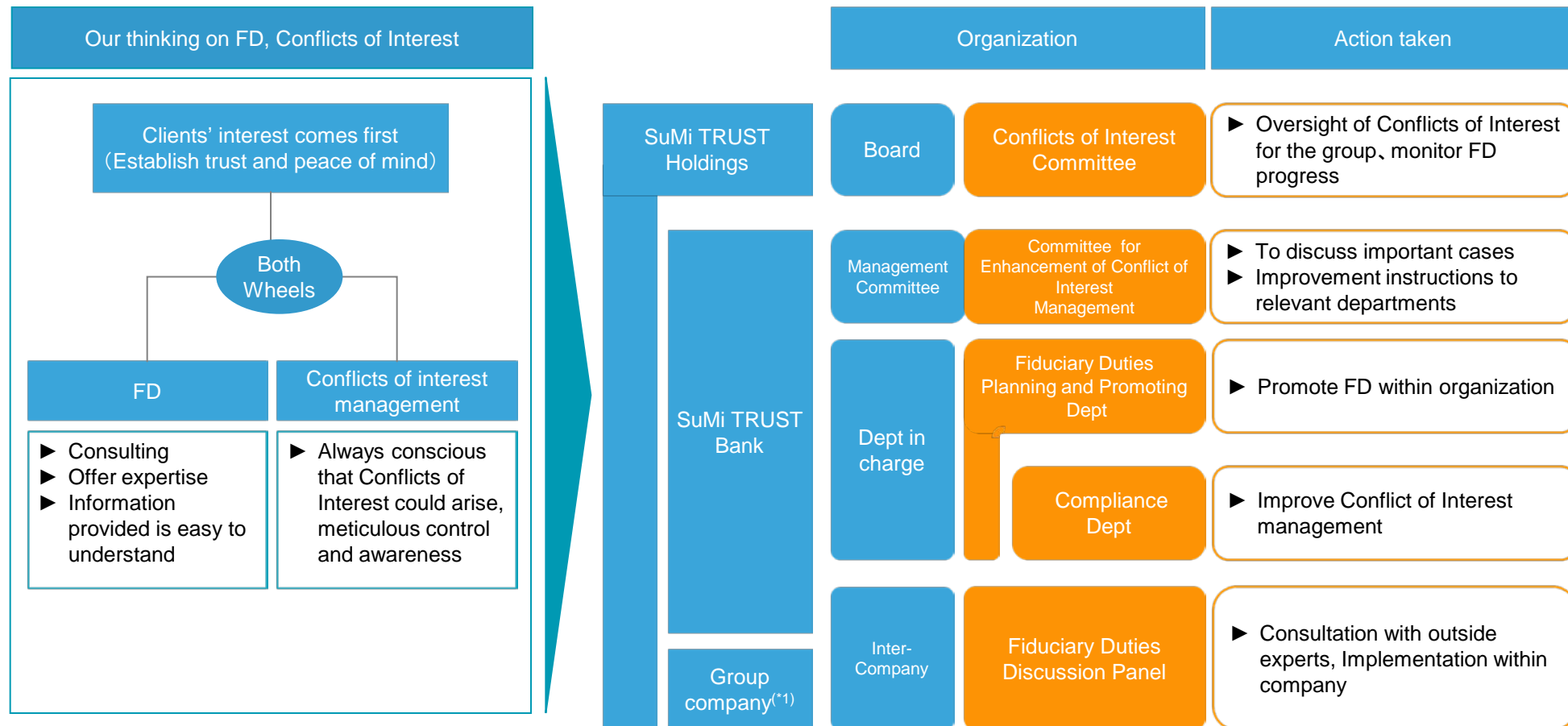
Past share repurchases

Repurchase timing	(Repurchase) Amount	EPS	Payout ratio
FY2014 (Feb. 2015)	16.4 billion yen	+1.00%	+10.4%
FY2015 (Aug. 2015)	9.9 billion yen	+0.45%	+6.0%
FY2016 (May 2016)	6.9 billion yen	+0.52%	+5.7%

Fiduciary duties, refinement of conflicts of interest

Fiduciary duty, Refinement of conflicts of interest (Our thinking and organizational structure)

- ▶ It is essential for establishing trust and peace of mind of clients. It is the foundation of our goal to become "The client's best partner"
- ▶ To actively progress Fiduciary Duty (FD) and Conflict of Interest management to become the industry leader
- ▶ To establish robust organization from top management to working level



(*) Group companies involved in AM: Sumitomo Mitsui Trust Asset Management, Nikko Asset Management, JTSB, Both SuMi TRUST Holdings and SuMi TRUST Bank participate in council meetings

Fiduciary duty, Conflicts of interest: Enhancement efforts

- ▶ FD/Conflicts of Interest management enhancement efforts are on-going, being implemented at retail and AM departments
- ▶ For retail business (investment trusts / insurance sales), foster client-oriented management by providing easy-to-understand information to clients and modification to sales personnel evaluation policies
- ▶ In the AM business, we will enhance our reputation from institutional investors by strengthening our management practices to be top tier among AM companies

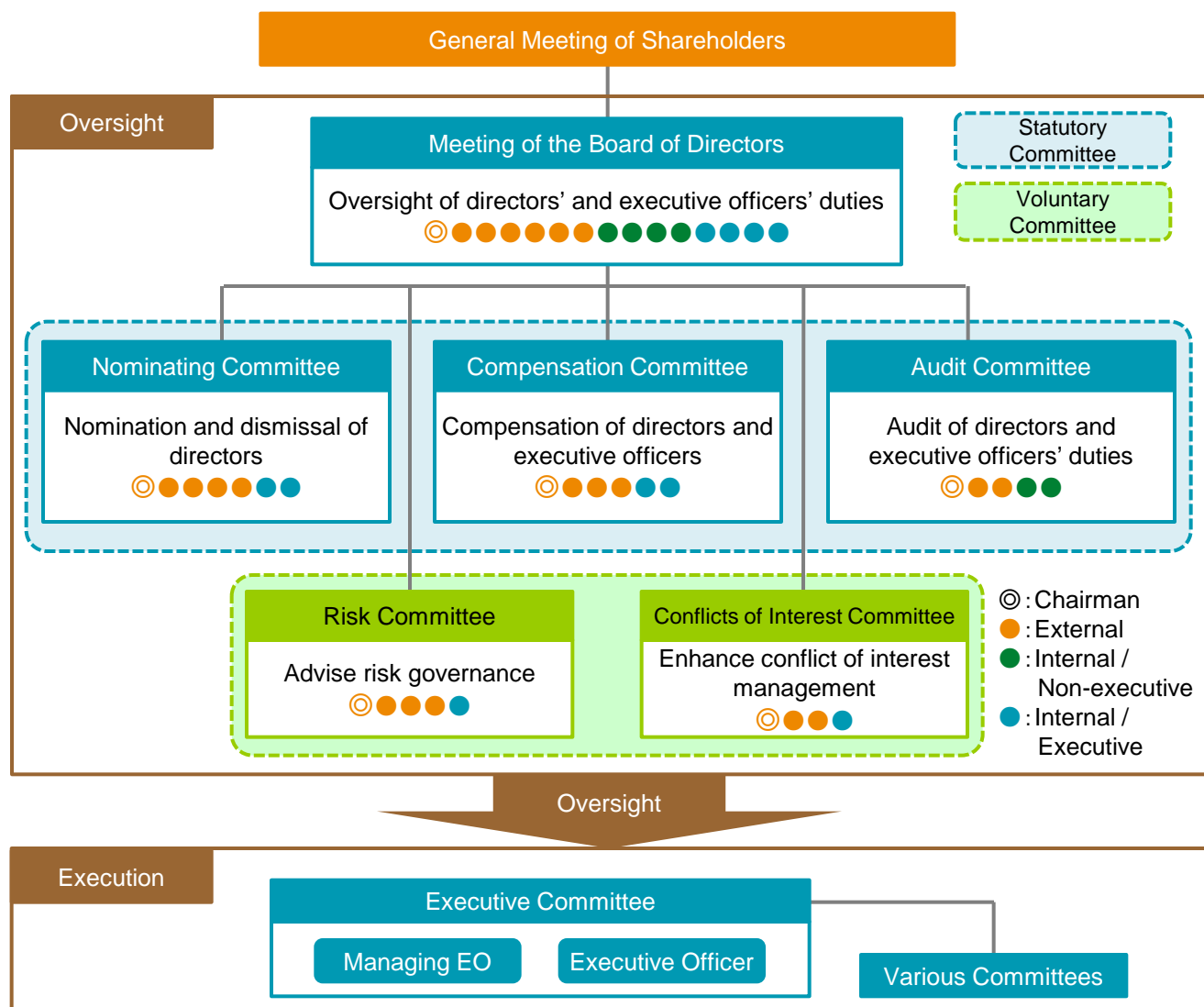
	Improvement points	Our efforts	
FD	Fee transparency	Improve client explanation capability ^(*1)	▶ Implement organizational controls to improve explanations regarding risk/return and fees
	Provide important information in an easy-to-understand manner		
	Incentives for employees	Performance and personnel evaluation based on client oriented work ethic	▶ Changes to personnel evaluation policy to reflect FD awareness and action
Conflicts of Interest	Enhance management for AM business	Explain our stewardship activity and criteria	▶ Disclose detailed criteria of our voting action rationale ▶ Stewardship Activity Advisory Committee (Majority: Outside members)
		Independence of each AM function	▶ Restrictions on information exchange and personnel transfer, and whistleblower rules ▶ Segregation of corporate loan and AM departments
	Product marketing with establishing trust and peace of mind of clients	Ensure effectiveness of Conflict of Interest management rules	▶ Clarification of internal rules, enforcement of rules through training procedures

(*1) Implementation planned for FY2017 1Q

Corporate governance enhancements

Corporate governance enhancements

Corporate Governance after transition to a company with three committees



Governance Enhancements

- By transitioning to a company with nominating committee, complete segregation of responsibility between oversight and execution has been achieved
- Meeting of the Board of Directors to concentrate on discussing important business matters pertaining to management of the entire group

Enhancement to the Meeting of the Board of Directors

- Chairman of the Board to be an External Director (Planned)
- External Directors and non-executive Directors to hold majority
- Established Corporate Secretariat to assist External Directors
- To promote diversity, plan to nominate female External Director

Establishment of Conflicts of Interest Committee

- Oversight function to Conflicts of Interest expected of a trust bank group
- Chairman planned to be head of METI sponsored corporate governance research outfit

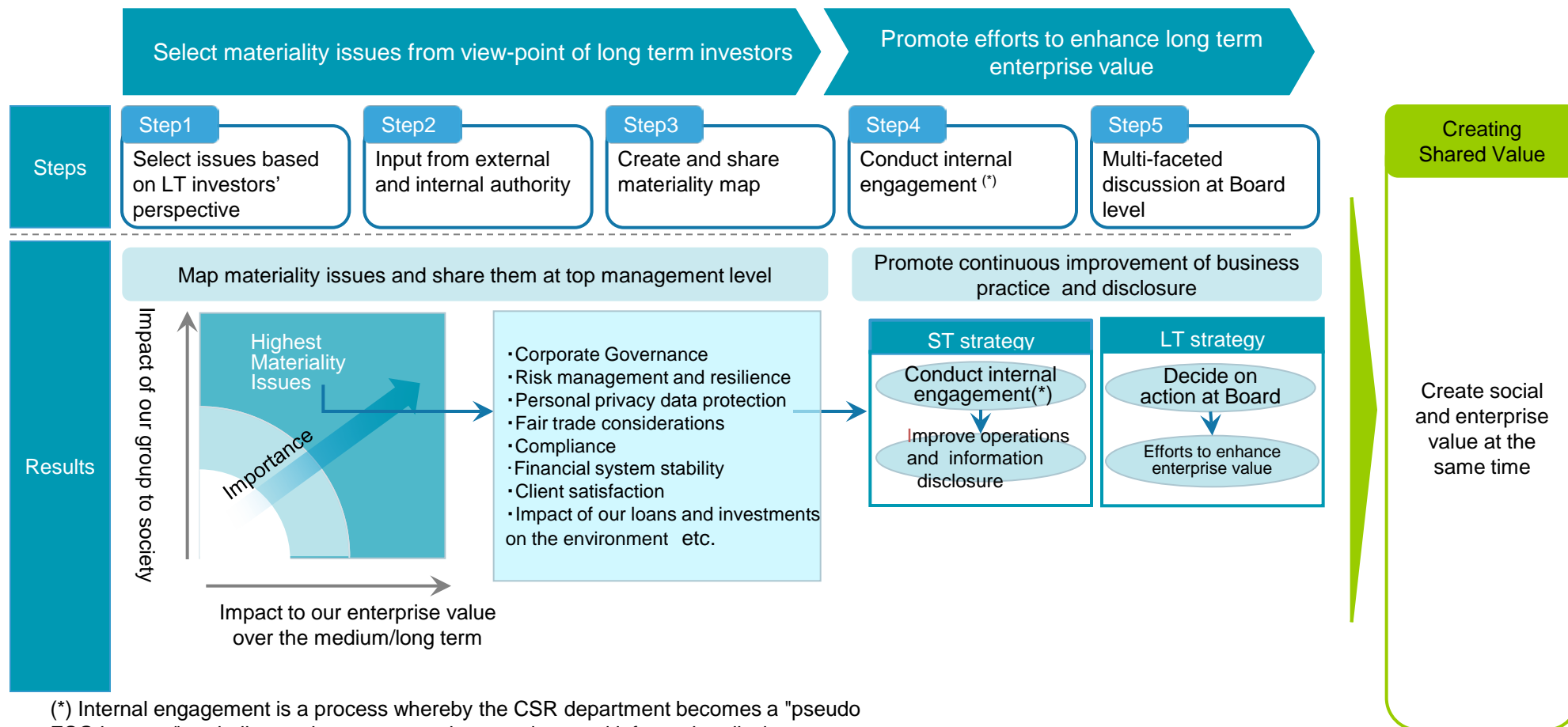
(Reference) Reason for selecting as statutory committee member or external director

	Nominating	Compensation	Audit	Risk	Conflicts of Interest	Reasons for selection
Isao Matsushita	◎	◎				Mr. Matsushita has extensive management experience and knowledge of business as former CEO of a prominent energy firm.
Soichi Shinohara	●	●				Being an economist specializing in international economics and macroeconomics, Mr. Shinohara has abundant knowledge and superior insight into both domestic and foreign economies
Takeshi Suzuki	●	●		●	●	Mr. Suzuki has abundant experience and broad insight as a management member of a leading Japanese global company and also experience in managing a financial institution
Mikio Araki	●	●		◎		Mr. Araki has abundant experience as a bank executive and deep insight into financial policy making. Also as head of an economic research institution, he has extensive knowledge of international economic affairs
Shinichi Saito	●		◎			Mr. Saito has extensive experience and knowledge of financial accounting, overseas operations and finance as ex-general manager of finance of a prominent trading house. Also he has experience in managing an investment firm.
Takashi Yoshida			●			Mr. Yoshida has extensive experience and knowledge as a certified public accountant as well as a global outlook based on overseas postings.
Hiroko Kawamoto			●			Ms. Kawamoto has abundant experience in managing a large airline, also has experience in formation of gender equality policies
Hideki Kanda					◎	Mr. Kanda is foremost authority on numerous legislation such as company law, financial services law, and trust related legislation, has deep insight as deliberating committee member for many legal issues.
Haruyuki Toyama				●		Mr. Toyama has deep insight of macro economics and international finance through working in government
Toshinori Kurihara				●		As a specialist of Japanese financial policy and market, Mr. Kurihara has extensive knowledge of governance issues, regulatory requirements of other countries and risk management.
Akiko Hosokawa					●	Ms. Hosokawa is foremost authority on trust industry, having been involved in formulating trust related legislation. Also has extensive knowledge of finance and trust businesses.

(◎: Chairman, ●: Member)

ESG effort: Materiality management

- Create a "common value" that simultaneously produces social value and enterprise value by implementing materiality (important issues) management from the viewpoint of long-term investors who value ESG as the foundation of corporate value creation



(*) Internal engagement is a process whereby the CSR department becomes a "pseudo ESG investor" and dictates improvements in operations and information disclosure through dialogue (engagement) with departments in charge of highly materiality roles

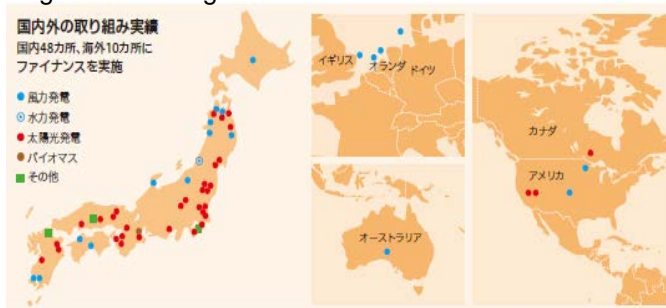
ESG effort: Impact on the Environment and Society

Individual issues that should answer to environmental and social necessities

Wholesale Business

Renewable Energy Project Finance

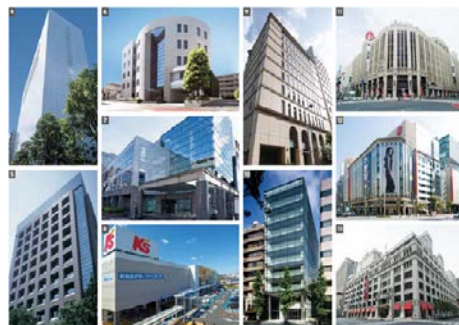
Support solar and wind generation projects to tackle global warming



Real Estate Business

Real Estate Environmental Assessment

Provide service to evaluate real estate environmental rating. Aim to spread energy efficient buildings



ESG related activities (Domestic and foreign)



UNEP Finance Initiative



Principles for Responsible Investment



Equator Principles



Natural Capital Finance Alliance



UN Global Compact

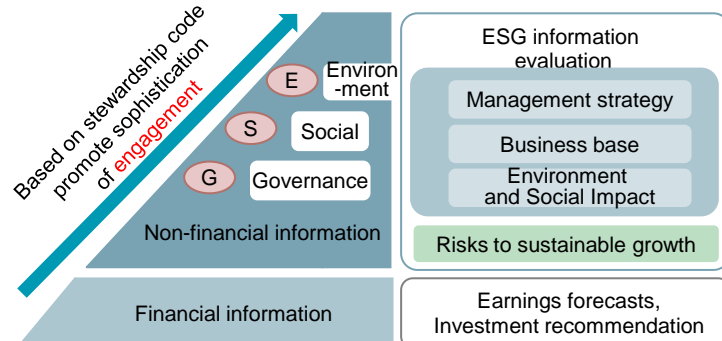


21st Century Finance principles for sustainable growth

Fiduciary Business

ESG Integration

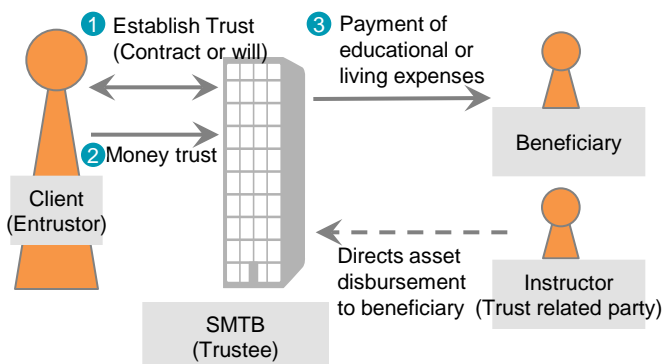
ESG assessment to be built into investment decision making to aim for increase in social value and favorable long term return



Retail Business

Safety Support Trust

Provide trust product that protects seniors' assets as well as livelihood of dependents



Human Resource Policy

- To achieve the medium-term plan, employees' work style reform and efforts on Diversity & Inclusion in order to induce human resource development

Work Style Reform of SuMi TRUST

Work style Reform

April 2017 Establishment of “Work Style Reform HQ” . . . President of both SuMi Trust Holdings / SuMi TRUST Bank to be General Manager
 May 11, 2017 “Declaration of Work Style Reform” enacted
 The SuMi TRUST Group hereby declares as a top commitment to "Providing a workplace where individuals' diversity and creativity can be fully expressed, and everyone may work with pride and ideal. The Group will work towards the following goals
 1. Acknowledge diverse work styles and work-life balances
 2. Raising health awareness and health management by appropriate supervision of working hours
 3. Provide opportunities for all employees to fulfil their potential
 We will continue to be a corporate group that contributes to the benefit of our clients and contribute to society through the lively work of each and every employee.

D&I

Sophistication of HR policy in steps

Effort to become #1 financial group in HR development

April 2016~
Incentives to learn, assistance to learn, mentoring culture
 October 2016~
Workplace where females flourish/ Global / Assist work-life balance

Promote Diversity & Inclusion

Work style reform

April 2017~
Diversity / Healthy / Rewarding workplace

(Reference) Actual initiatives in SuMi TRUST Bank in 2017

	Policies	System
1. Acknowledge diverse workstyles and work-life balance	<ul style="list-style-type: none"> • Allow flexible holidays • System to promote taking holidays • Childcare holidays taken by all male staff 	<ul style="list-style-type: none"> • Expand telework, work at home • Assist balancing of childcare and work, nursing of parents • Long term leave system to cater for overseas posting of spouse, nursing care
2. Promote health consciousness through work hours management	<ul style="list-style-type: none"> • Enhance work productivity through work process reformation and IT system for marketing assistance • Co-work with labor union and health insurance union to promote health consciousness • Quit smoking support and other health assistance measures 	<ul style="list-style-type: none"> • Minimum interval hours between work days to be established • All employees maximum overtime to be limited to 80 hours including managerial staff
3. Provide rewarding work environment for all employees	<ul style="list-style-type: none"> • Career path options to extend retirement • Expand opportunities to experience and learn other roles with group 	<ul style="list-style-type: none"> • Seminars on business division introduction • Expand training by each age group • Training program for female / foreign nationals