

Sumitomo Mitsui Trust Holdings, Inc.
Sumitomo Mitsui Trust Bank, Limited



SUMITOMO MITSUI
TRUST GROUP

Retail Financial Services of Sumitomo Mitsui Trust Group

August, 2012

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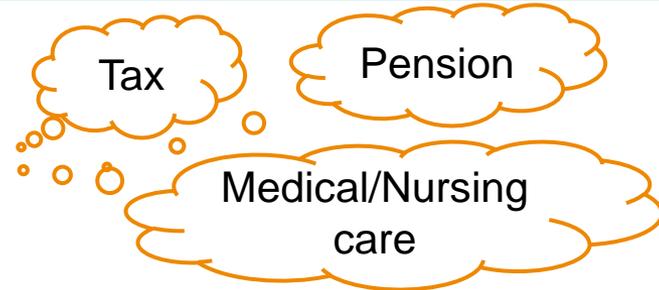
Retail Financial Services of Sumitomo Mitsui Trust Group



Recognition of environment and strategic goal (1)

Slowdown in economic growth, decreasing birthrate and aging population /
Progress of maturing economy and society

Comprehensive Reform
of
Social Security and Tax



Further advanced and complex issues
with regard to asset management and administration for individual clients

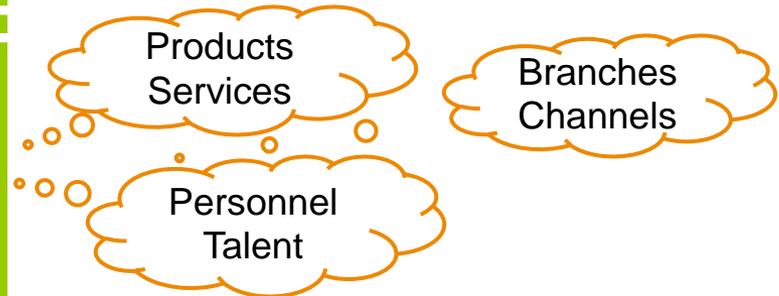
Only trust banks can accommodate to all the needs for
asset/property management and administration

An era that a trust bank with expertise and comprehensive capabilities
can fully perform its functions for the advanced and complex needs

Recognition of environment and strategic goal (2)

Sumitomo Mitsui Trust Group drastically expanded managerial resources by management integration

Doubled managerial resources

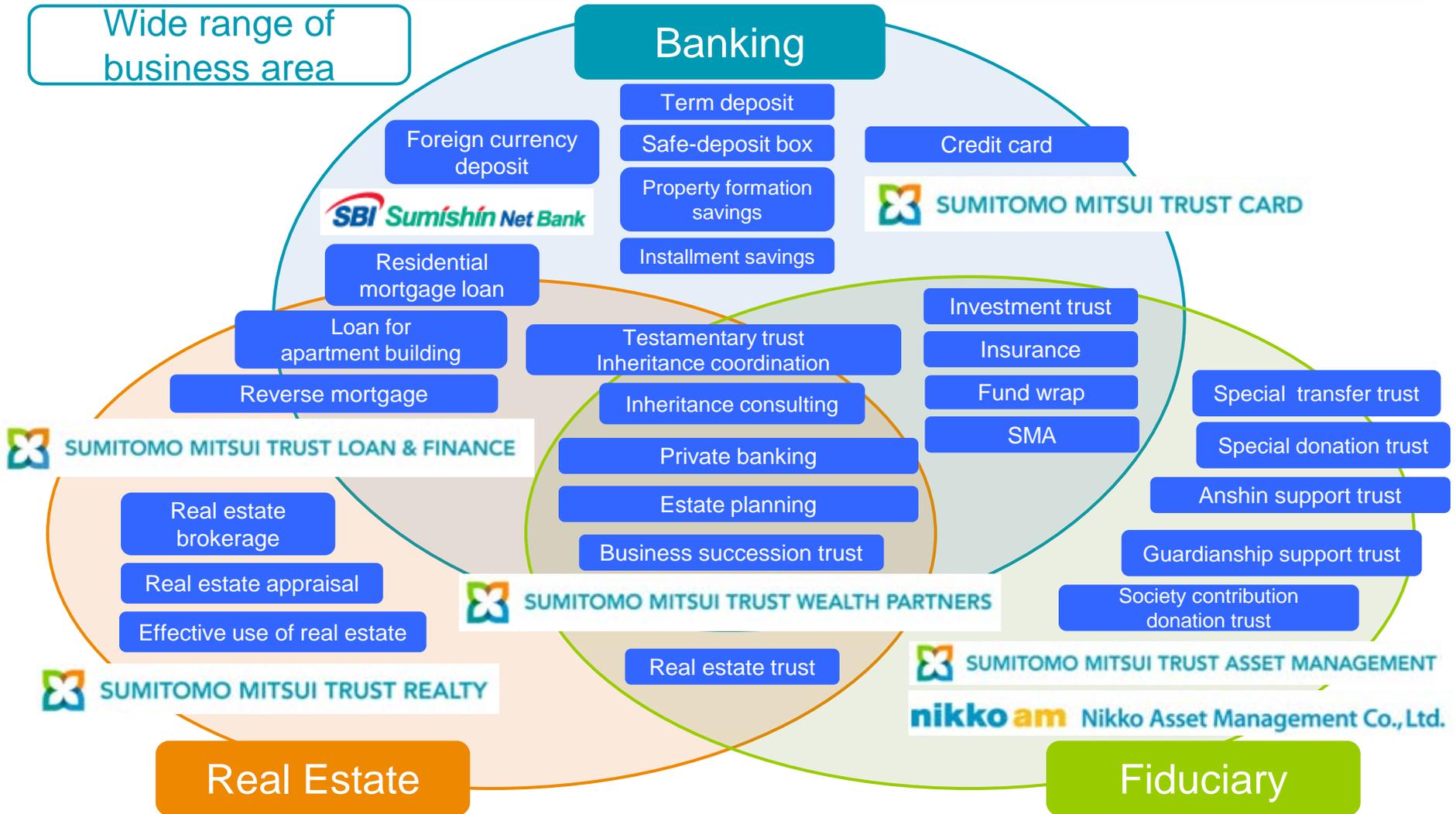


Acquired managerial resources that can handle advanced and complex needs

Capture increasing clients needs by fully utilizing expanded managerial resources

Being a main bank of asset management and administration for individual clients

Products and services of Sumitomo Mitsui Trust Group



✓ Introduction of new products and services: considering advanced and smaller lot of products

Branches and channels of Sumitomo Mitsui Trust Group

Well balanced branch network in Metropolitan, Kansai and Chubu area

Face to face channel	Metropolitan area	Kansai area	Chubu area	Chugoku/Shikoku/Kyushu	Others	Total
Former Chuo Mitsui Branch	52	15	14	9	2	92
Former Sumitomo Trust Branch	24	21	6	8	2	61
Total	76	36	20	17	4	153

Reorganization of existing branches

38 out of total 153 branches are duplicated

38

38



Promote reallocation of excess personnel by reorganizing 35 branches out of 38 duplicated

Non face to face channel



Full coverage in all over Japan through internet

Acquired certain status as an internet banking
Accounts: more than 1.3 million
Deposit balance: more than 2 trillion yen

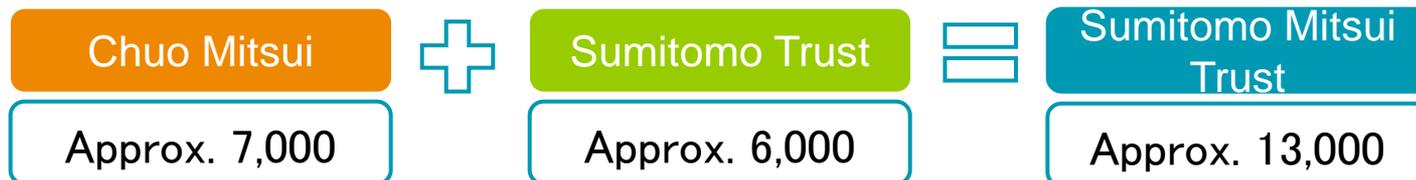


Further utilization of the functions and the infrastructure as non face to face channel

Personnel and talent of Sumitomo Mitsui Trust Group

Total number of Employees

(Non-consolidated basis)



Security Analyst : approx. 800 employees, Investment management specialist : approx. 300 employees, Real estate appraiser : approx. 150 employees, Financial consultant : approx. 200 employees, Registered real estate broker : approx. 5,400 employees, etc. Employees with quality of specialties have doubled.

The number of employees in Retail Financial Services



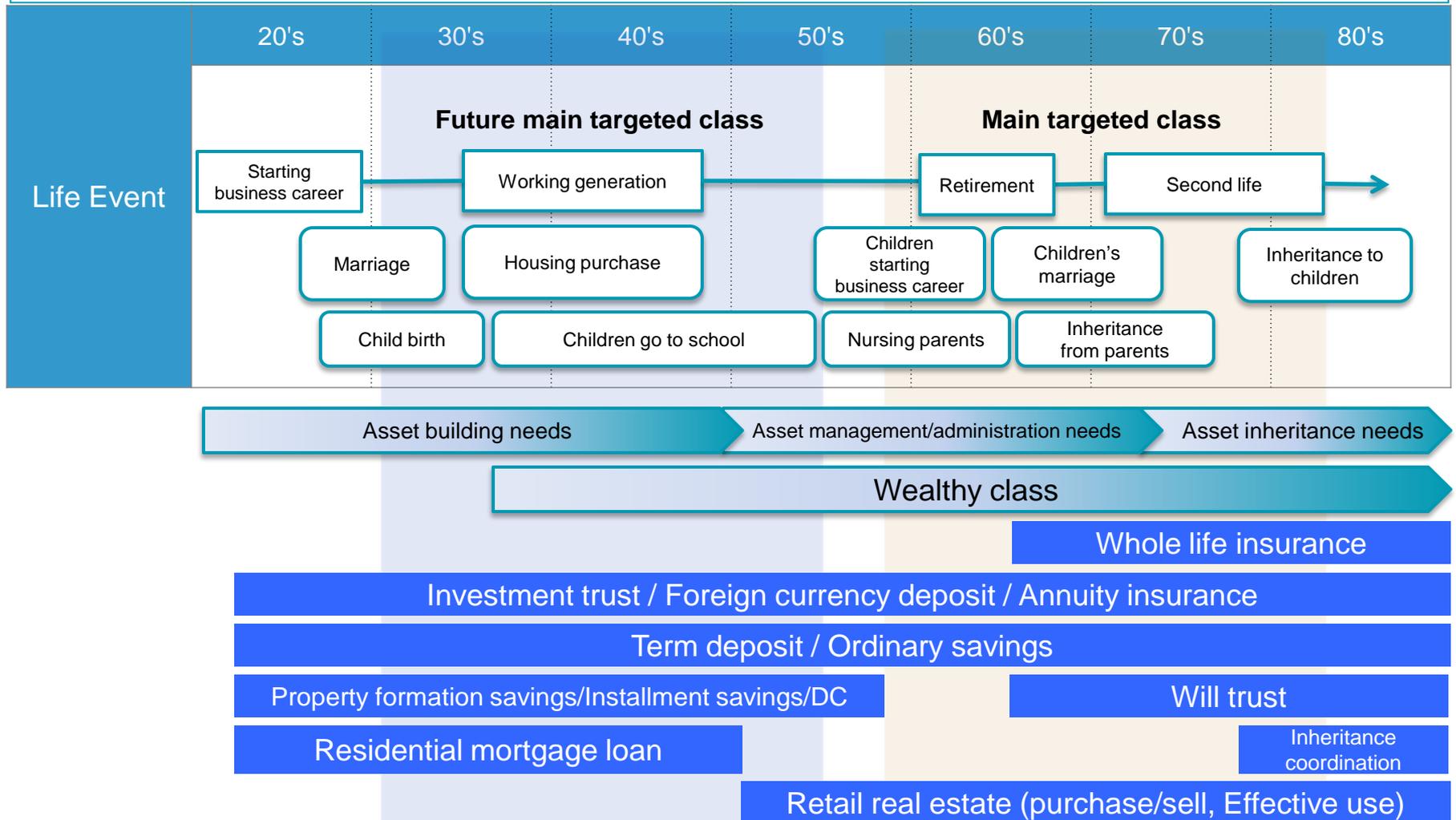
Expanding personnel resource

Additional 500 employees will be reallocated from head quarters to Retail Financial Services from FY2012 to FY2015.

- ✓ Improvement of substantial business force by seeking for potential synergy within Retail Financial Services
- ✓ Improvement of personnel quality with specialties by establishing “Retail business college” in SMTB

Business model of Sumitomo Mitsui Trust Group

Circulating-type of business from generation to generation by providing various and diversified products and services repetitively and continuously according to the life stage



Status of each retail financial service

Deposit

Increasing the balance of deposit as an essential factor for the retail business base. Deposit is important from the view point of stable funding for loans and/or investments despite the shrinking deposit spread.

Loan

Focusing on loan business as a product to establish the balanced loan portfolio and stable profit as well as an effective product to acquire new clients in valuable younger generation for the future business relationship expansion.

Investment Trust

Focusing not only on sales volume but also on accumulating the balance as a trust bank which offers asset management and administration as one of the major services.
Investment trust is considered as one of the major clients to enhance our fee businesses.

Inheritance

Enhancing inheritance business as a new pillar of profit according to the increasing demand in the aging society.
Inheritance is important for the succession of business relationship to the next generation.

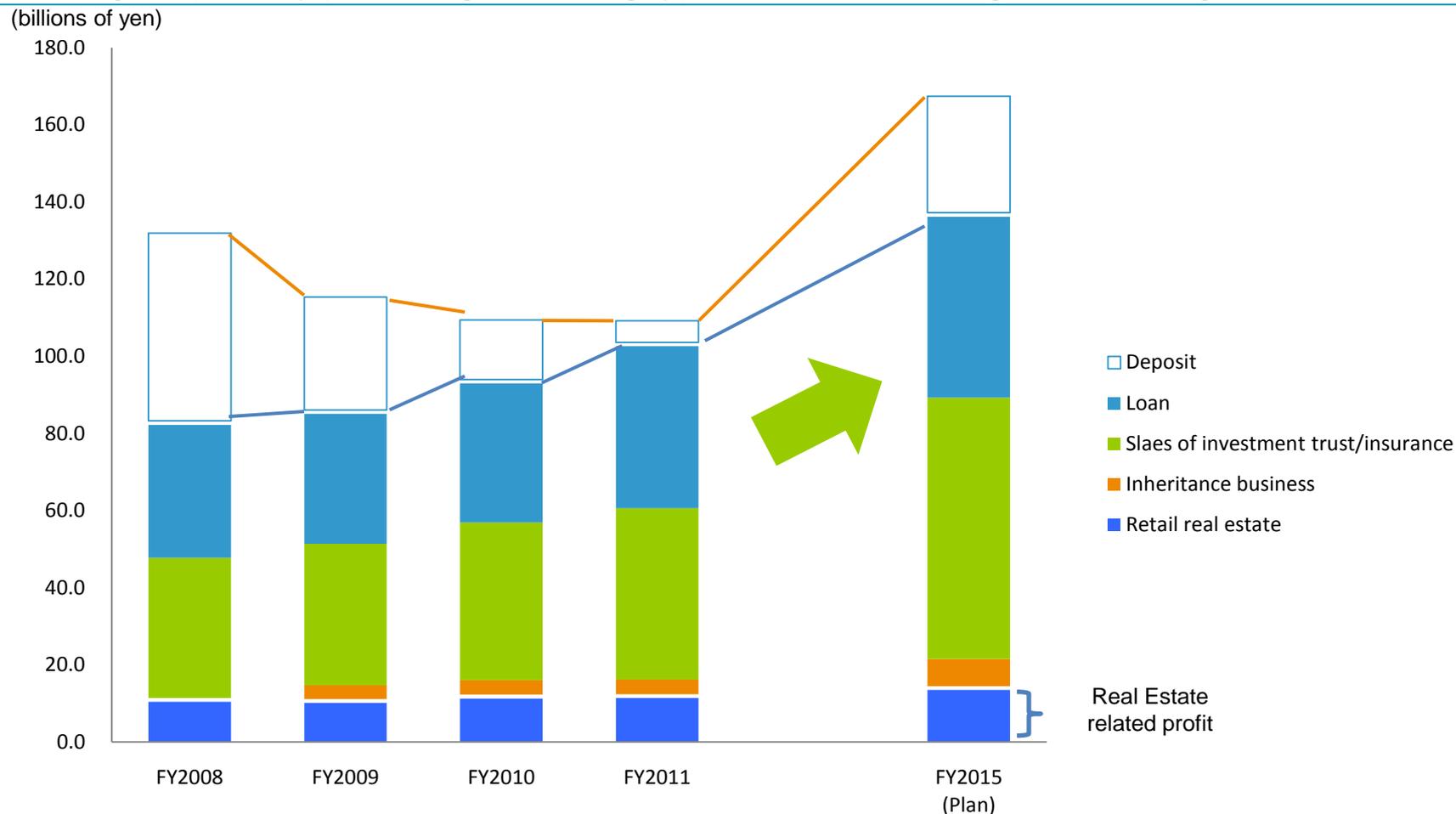
Real estate

Promoting real estate as a new pillar of profit according to the increasing demand for relocation.
Seeking for the synergy effect with the business base of our real estate subsidiary.

Retail Financial Services related profit

Retail Financial Services related profit has continued to increase except for the decrease in profit from deposit due to the lowering interest rate.

Increasing the profit by promoting circulating-type of business from generation to generation.



(Note) Figures above are calculated under certain assumptions under managerial accounting including the profit from the real estate subsidiary (excluding adjustments among business sections).

Revenue synergy of Retail Financial Services

Realization of revenue synergy by reallocation (increase) of personnel

	FY2011 (Actual)		FY2015 (Plan)
Sales of investment trust / insurance	1.3 trillion yen	Add 400 employees	1.8 trillion yen (+ 0.5 trillion yen)
Balance of individual loans	6.4 trillion yen	Add 100 employees	10 trillion yen (+ 3.6 trillion yen)
Revenue synergy	FY2015 : Among total revenue synergy of 27.0 billion yen, Retail Financial Services will create 16.0 billion yen (approx. 60%)		

Realization of potential synergy within the Retail Financial Services

- ✓ Reorganization of duplicated business area and duplicated sales personnel
- ✓ Hybridization of sales know-how between former trust banks
- ✓ Streamlining of operations by reassessment and expansion of sales force

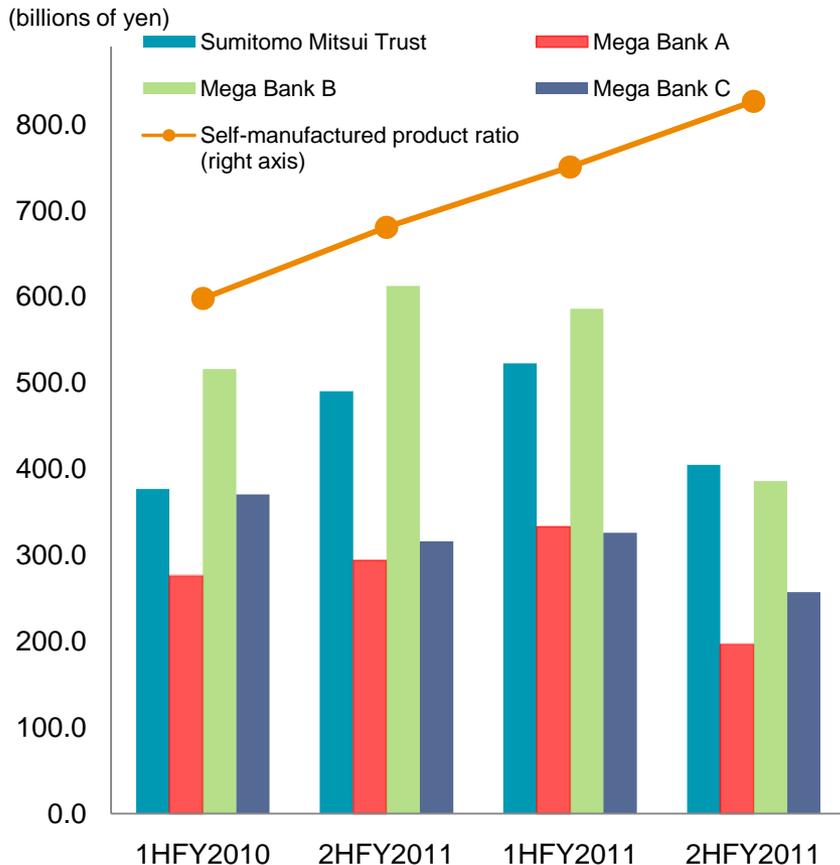
Investment Trust



Sales of investment trust, etc.

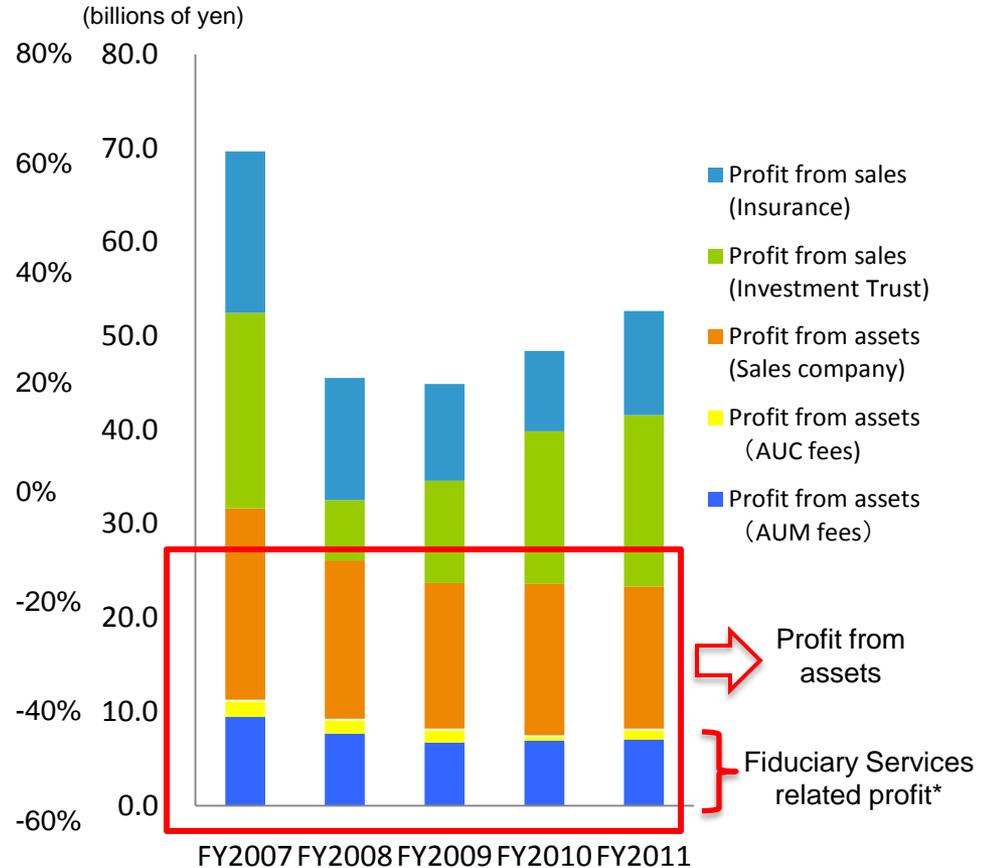
Steady increase in sales volume
Ranked No.1 in sales volume in
2HFY2011 among banks

[Sales volume / Self-manufactured product ratio]



Profit from assets such as management and
administration fees stays steadily

[Profit related to sales of investment trust / insurance]



(*) Fiduciary Services related profit is calculated under certain assumptions including Sumitomo Mitsui Trust Asset Management and Nikko Asset Management

Advantage of Sumitomo Mitsui Trust Group

Firm client base consisting mainly of senior wealthy class

Client base consisting mainly of senior wealthy class which has more interest in asset management

Business model which unifies the manufacturing and the sales

Provide various product line-up by the Group

 SUMITOMO MITSUI TRUST ASSET MANAGEMENT

 Nikko Asset Management Co., Ltd.

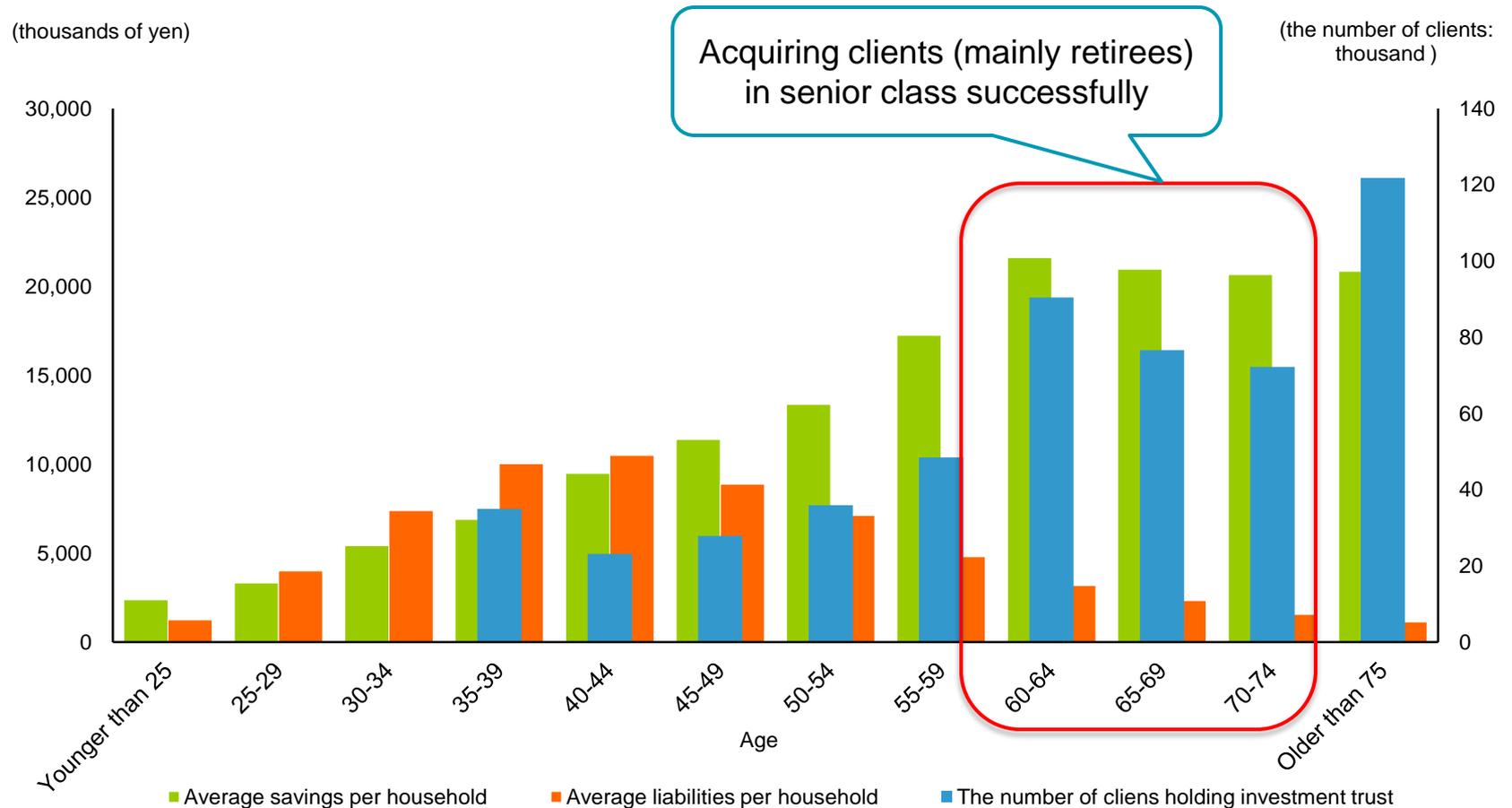
-Offering sophisticated and various product line-up to retail clients by utilizing know-how as an institutional investor seeking for the diversification and stabilization of revenue source by expanding asset under management and asset under custody.

Establishing the consulting system including inter-business cooperation

Consulting type of sales by personnel with specialties through cooperation with other business sections and group companies

Firm client base consisting mainly of senior wealthy class

Capturing senior and wealthy client base with stable savings such as term deposits which were transferred from loan trust (principal guaranteed trust a/c) and/or retirement allowances.



Average savings and liabilities per household Source : Statistics Bureau of Ministry of Internal Affairs and Communications

Business model which unifies the manufacturing and the sales



SUMITOMO MITSUI TRUST BANK

Utilizing capability of investment advisory which was fostered in DB business

(Fiduciary Services /
Global Markets)

(Retail Financial Services)

Contribute to
increase AUC

Provide the asset management subsidiaries
with capabilities of product development,
product manufacturing and asset
management as an institutional investor

Realize appealing
product line-up
to clients

Contribute to increase
AUM

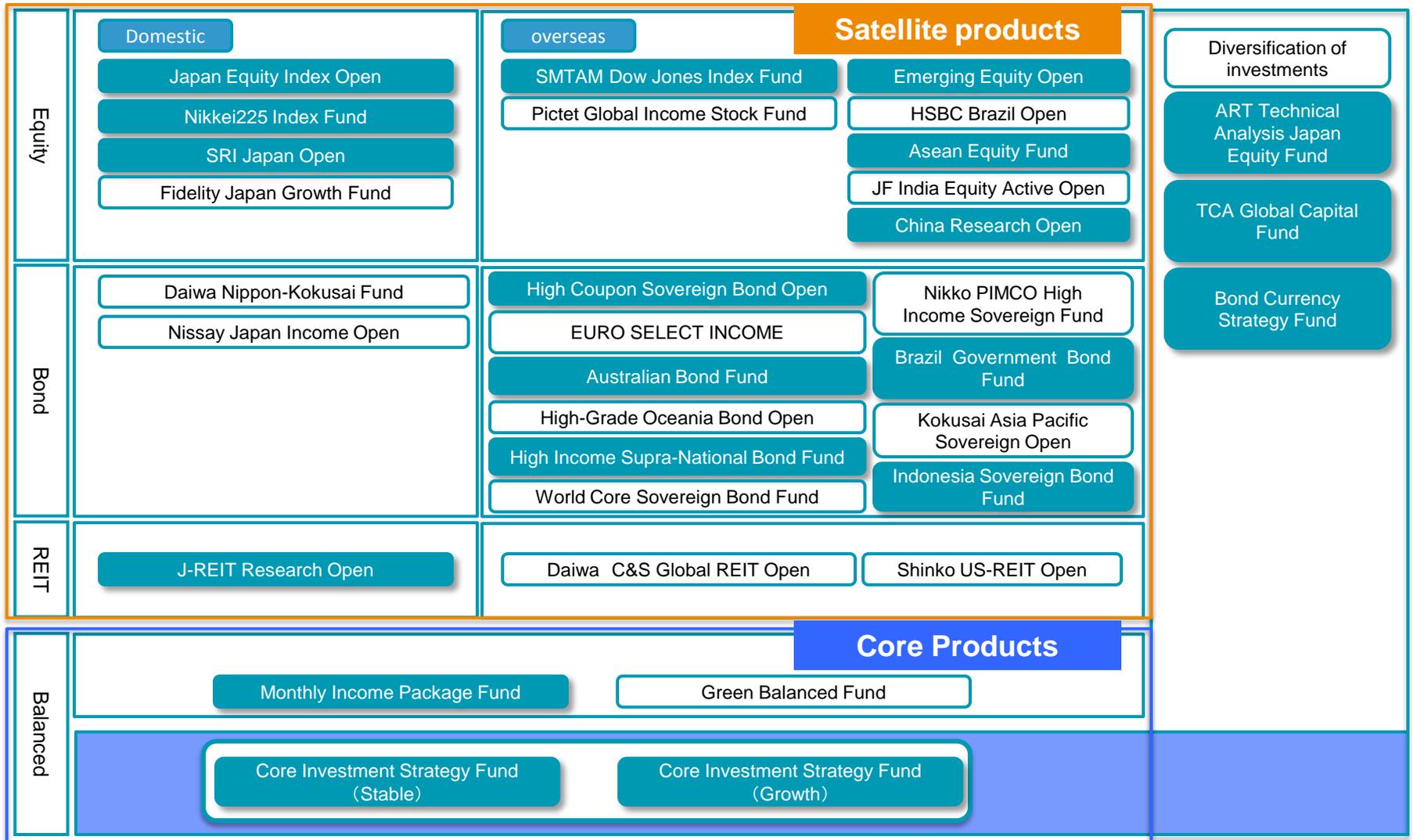


SUMITOMO MITSUI TRUST ASSET MANAGEMENT
nikko am Nikko Asset Management Co., Ltd.



Product line-up (1)

Variety of product line-up which allows core- satellite strategy



Product line-up (2)

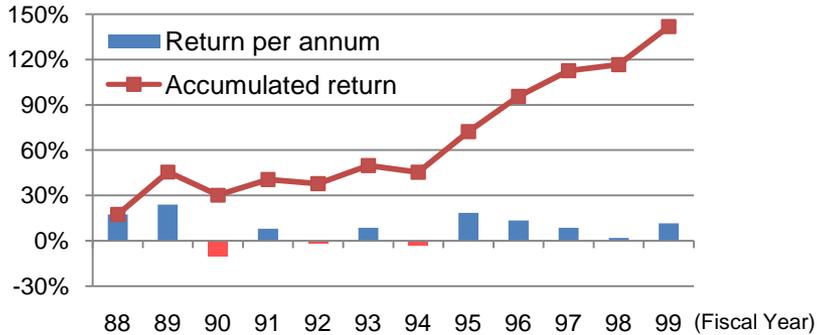
Core Investment Strategy Funds have been introduced to accommodate to the difficult environment where traditional diversified investments are ineffective due to lower level of return and higher volatility

Accumulated and annual return of traditional diversified investments

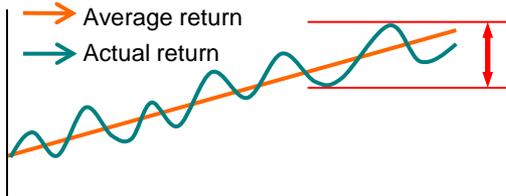
Before 1999

<Annual return>
Positive: 9 times
Negative: 3 times

<Average return per annum>
+7.64%



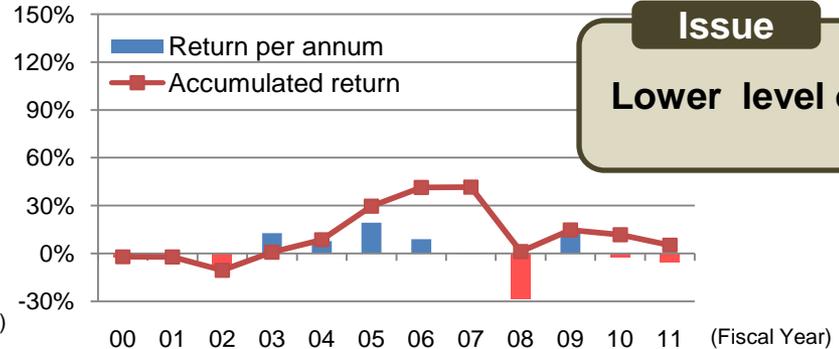
<Return image before 1999>



After 2000

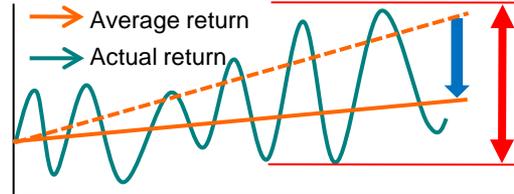
<Annual return>
Positive: 6 times
Negative: 6 times

<Average return per annum>
+0.43%



Issue
Lower level of return

<Return image after 2000>



Issue
Higher volatility, Unstable return

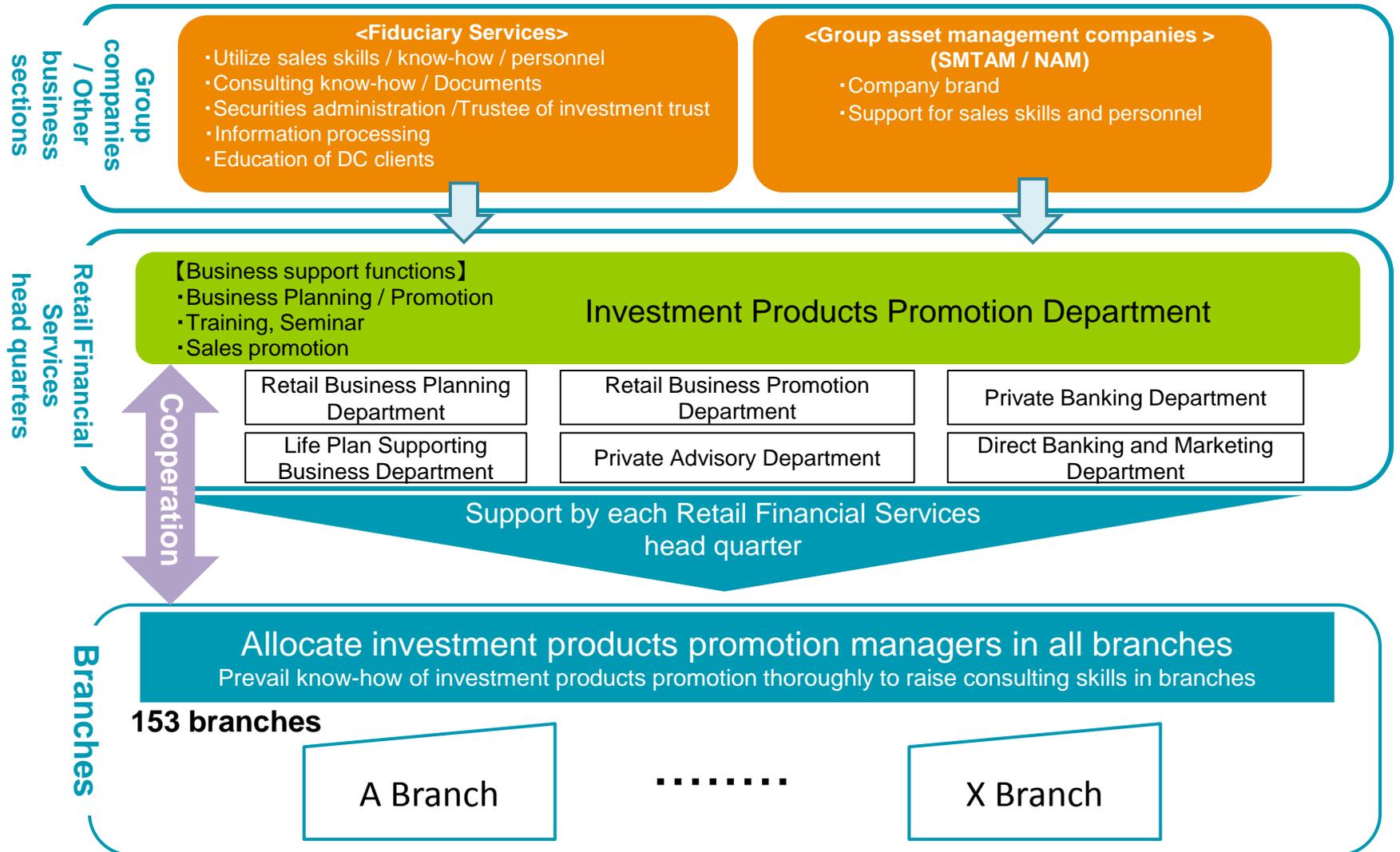
Source : Bloomberg

Compound of Domestic bond: NOMURA-BPI Overall, Domestic equity: TOPIX (excl. dividend before 1988, incl. dividend after 1989), International bond: Citigroup World Government Bond Index (excl. Japan, JPY basis), International equity: MSCI KOKUSAI Index (JPY basis, incl. dividend) assuming equal diversification in each index. The rate of accumulated return is calculated assuming that the investment started at the end of 1987 (left graph), the end of 1999 (right graph), respectively.

Solving traditional balanced investment issues such as lower level of return and higher volatility, and seeking both “economic growth benefits including those in emerging markets” and “reduction of the fluctuation of performance under the deteriorating market environment”.

Consulting system

Clear distinction from Mega banks in specialties and comprehensive capabilities of “The Trust Bank”



Strategic utilization of discretionary investment products

Discretionary investment products as a major product for retail clients

Only discretionary investment companies (securities firms, trust banks, etc.) can provide such products

Clients

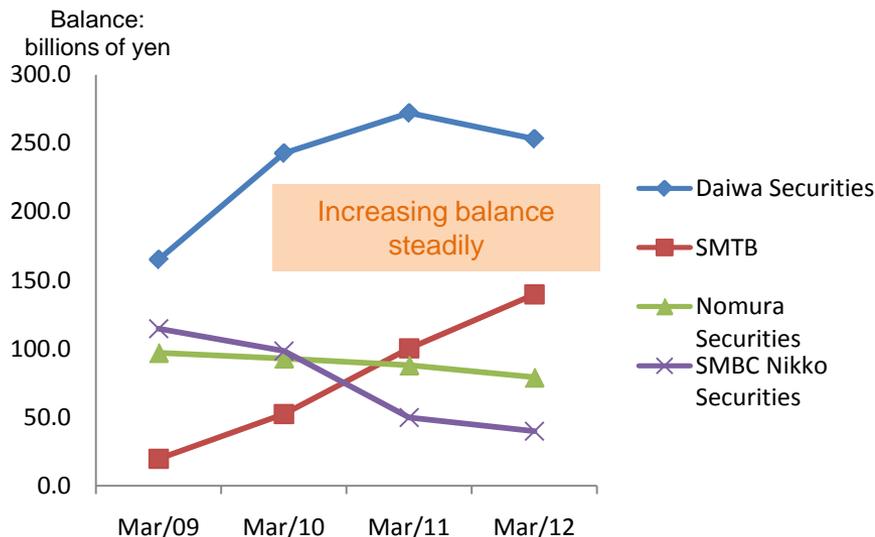
Fully rely on professional know-how and operations for asset reallocation, selection of investment trust, etc. without sales fees, and receive stable return.

SMTB

Establish brand by increasing profit from assets, high profitability, strategic products to develop wealthy clients and products featuring trust, being strong in deteriorating market environment.

Expansion of profit from assets with new money such as retirement allowances by utilizing wrap accounts

[Discretionary investment product balance]



Source : Japan Investment Advisers Association

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Expansion of targeted clients' age by the modification of products

Smaller lot of wrap accounts for retirement allowances (Apr. 2012)

Modification of products, Integration of brands at former entities

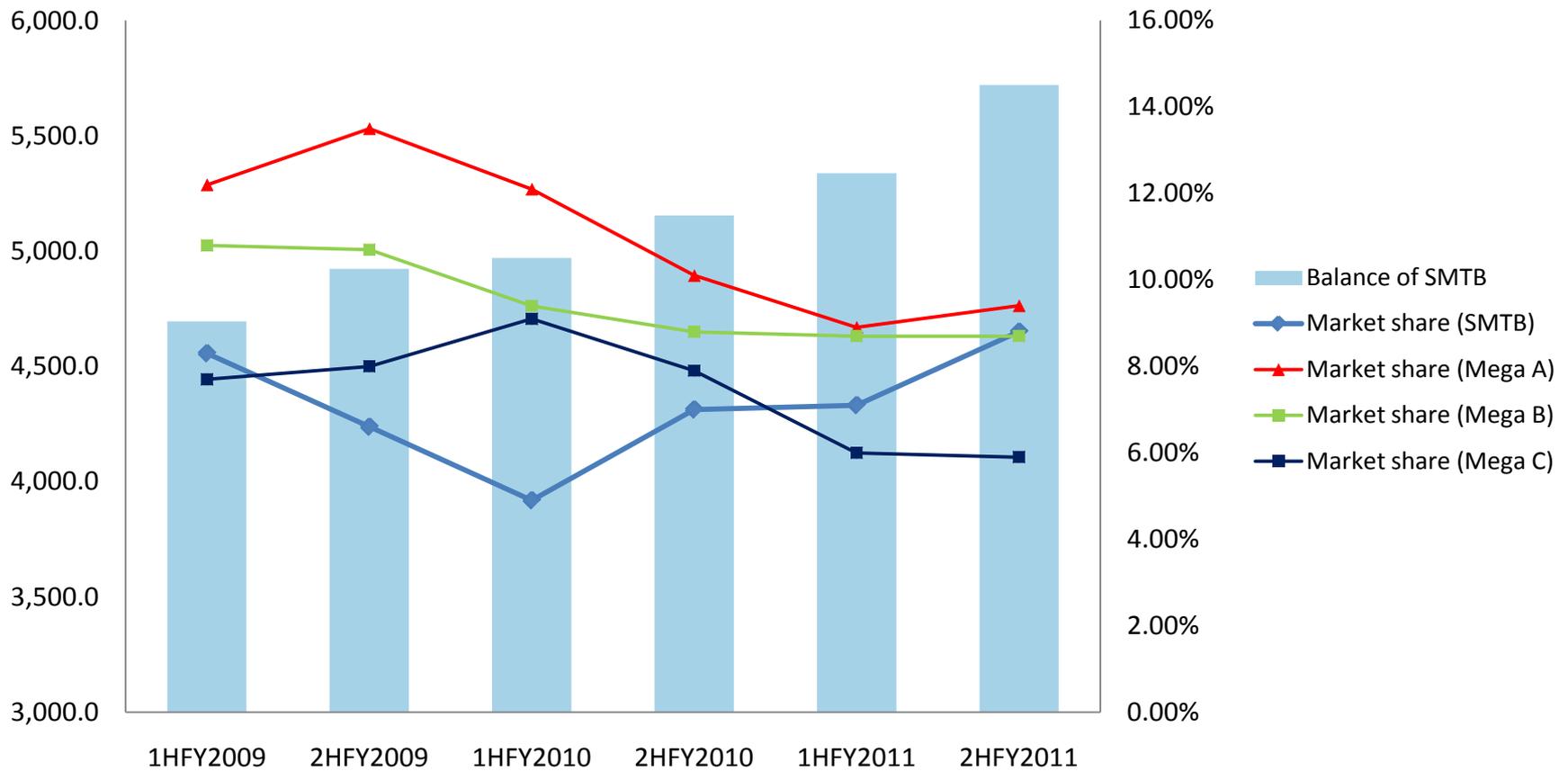
Residential Mortgage Loans

Balance of residential mortgage loans, market share of executed loans

Increasing market share steadily by providing competitive loan rate with the background of low credit costs and low expense ratio

(Balance : billions of yen)

(Market share : %)



Advantage of Sumitomo Mitsui Trust Group

Client acquisition base by route sales

Stable acquisition of clients from route channels (88% of residential loans)

Secure profitability by efficient operations

Efficient sales organization with suppressed expenses

Acquisition of good clients with low credit costs

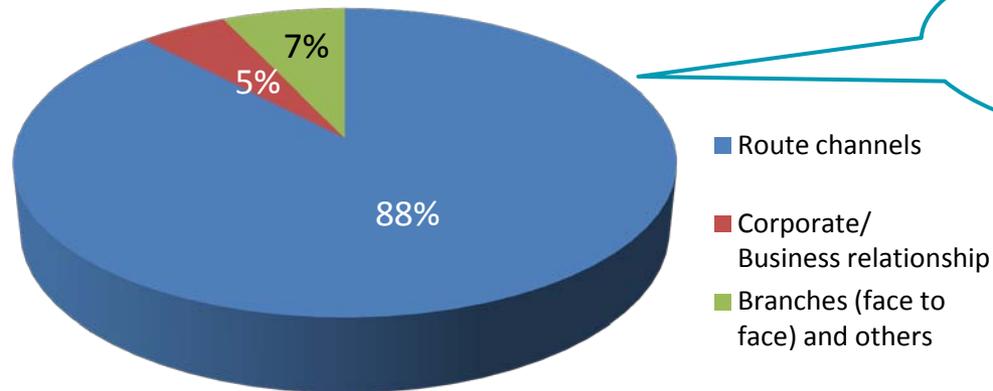


Offering competitive loan rate through low expense ratio and low credit costs
Execution amount reached above one of Mega banks and increasing the market share

Client acquisition base through route sales

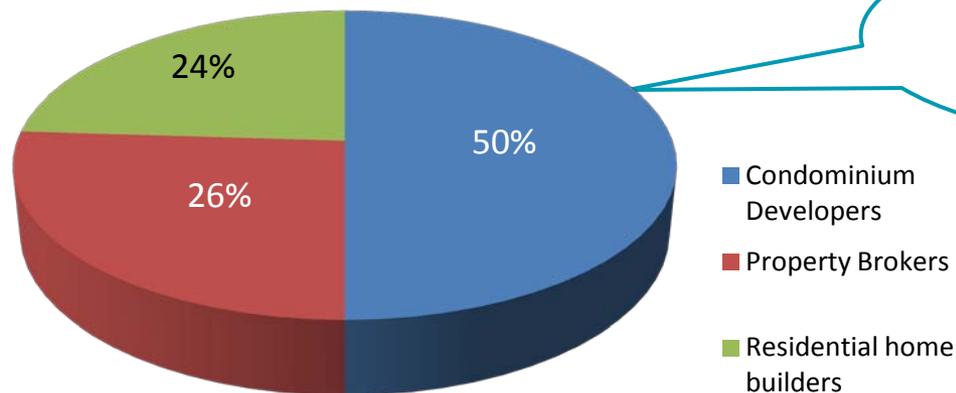
Stable acquisition of new clients through route sales

[Channels of residential mortgage loan]



Acquired more than
40,000 new clients
FY2011 : 44,575 clients

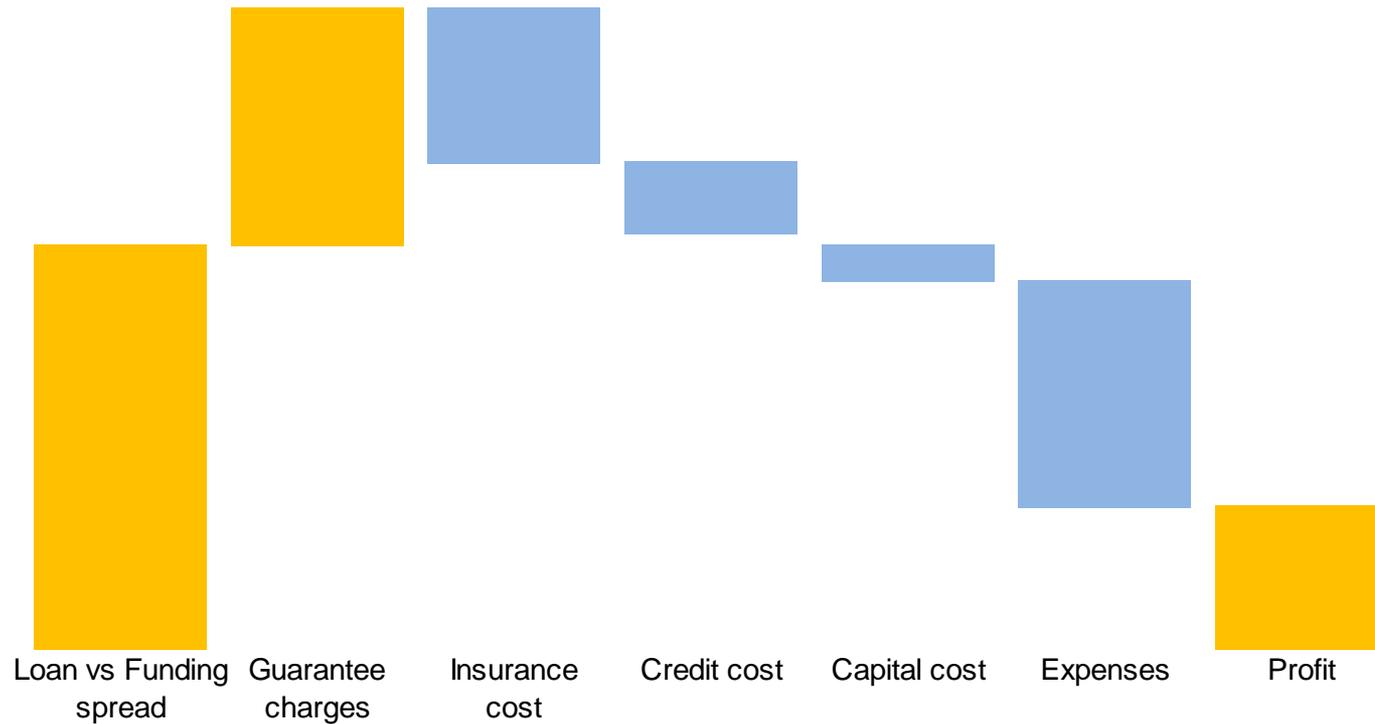
Breakdown by route channels



Acquired clients mainly
from major condominium
developers

Secure profitability by efficient operations (1)

Secure profitability by suppressing expenses and credit costs



- Credit costs include seasoning effect by loan aging
- Expenses include shortening loan period by prepayment

Efficient sales organization with suppressed expenses

Loan sales
for newly built condominiums

Concentrated
approx. 160 employees



Condominium Loan
Business Department

Condominium Loan
Business Department,
Osaka



Acquired 20~30 % of market share
within the number of condominiums
sold by major condominium developers

Domestic network

Chuo Mitsui :
51

Sumitomo Trust :
36



Sumitomo Mitsui Trust Bank : 63



Acquiring good clients through Non Face to Face Channel

SBI Sumishin Net Bank

Acquisition of good clients with low credit costs

[Loan clients by annual income]

SMTB Clients



Flat 35* Clients



(Annual income : thousands of yen)

■ Less than 3,990

■ 4,000-5,990

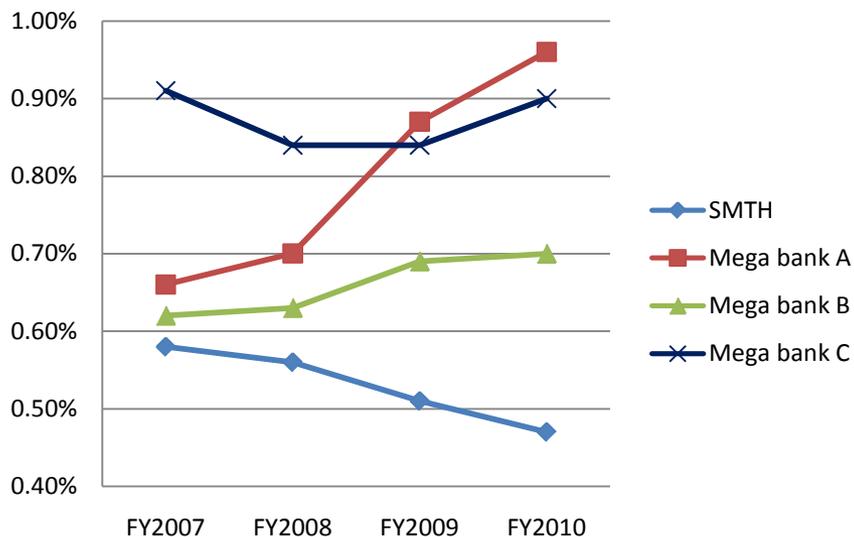
■ 6,000-7,990

■ 8,000-9,990

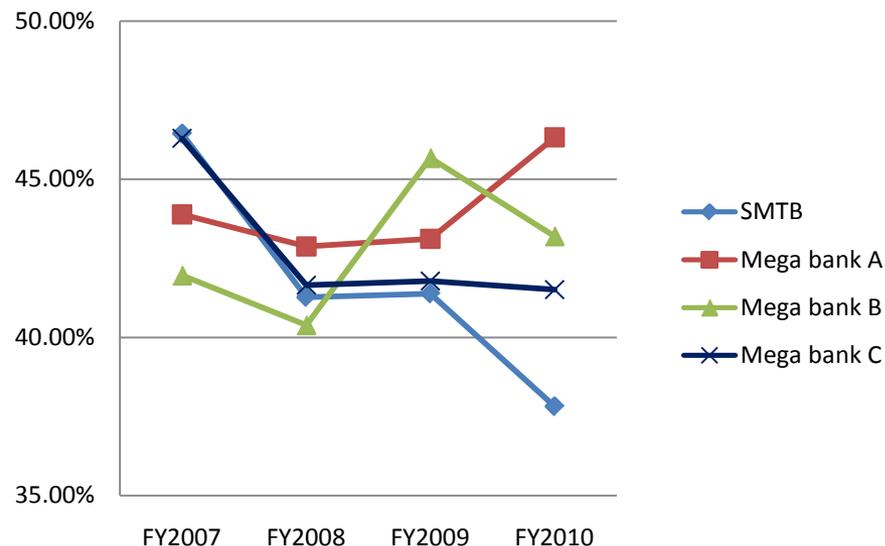
□ More than 10,000

* Flat 35 is a fixed rate residential mortgage loan product (maximum loan period:35 years) offered by Japan Housing Finance Agency through coordination with private financial institutions

PD



LGD

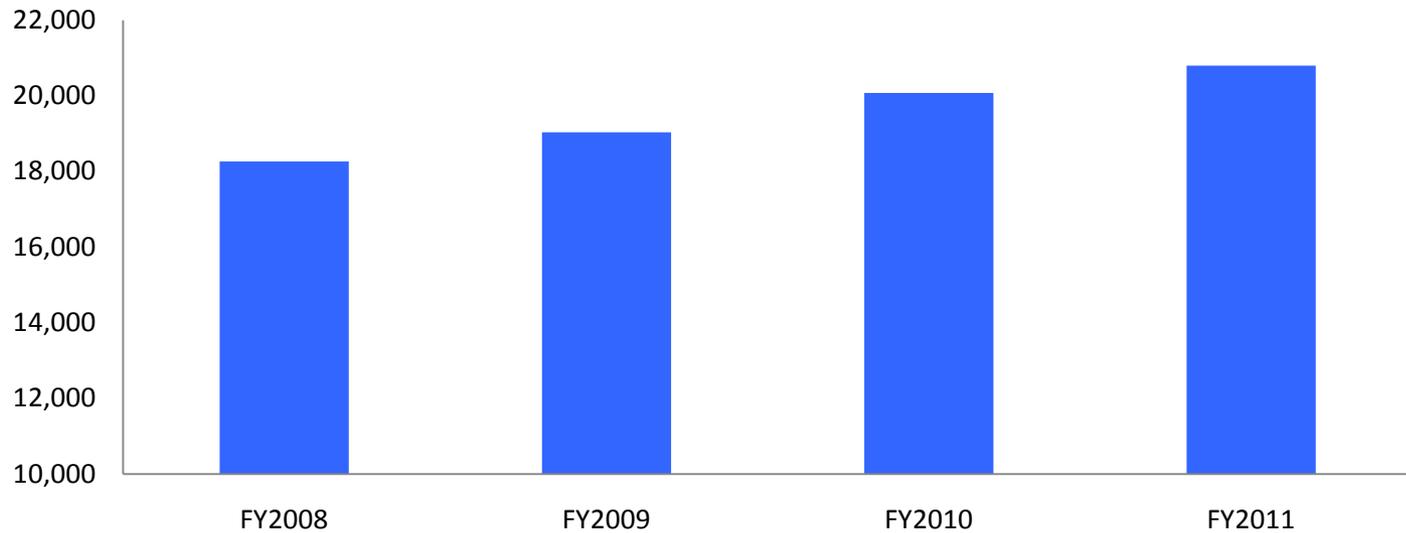


Source: Annual Report of each bank

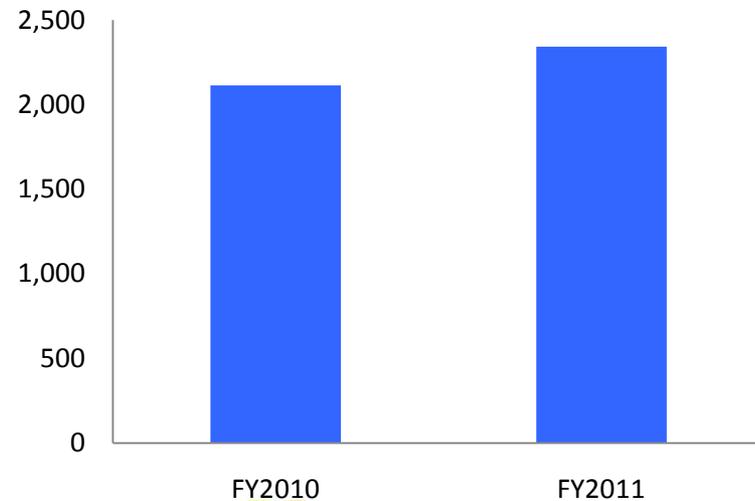
Inheritance and real estate related businesses

Situation of inheritance related business

The number of will storage



The number of will trust



Inheritance business

Expansion of clients needs

Increasing inheritances in the further aging society

In 2011 : 50 trillion yen of estate



In 2040 : 72 trillion yen of estate

Increasing taxed heirs due to the increase in estate tax as a result of decreased basic deduction and the raise in maximum tax rate

In 2010 : 4.2% of inheritances were taxed



In 2015 : 7.7% of inheritances will be taxed



Preparation for inheritances is expected to be more active by the clients in the age of 50's and 60's which consist more than 40 % of individual clients in SMTB .

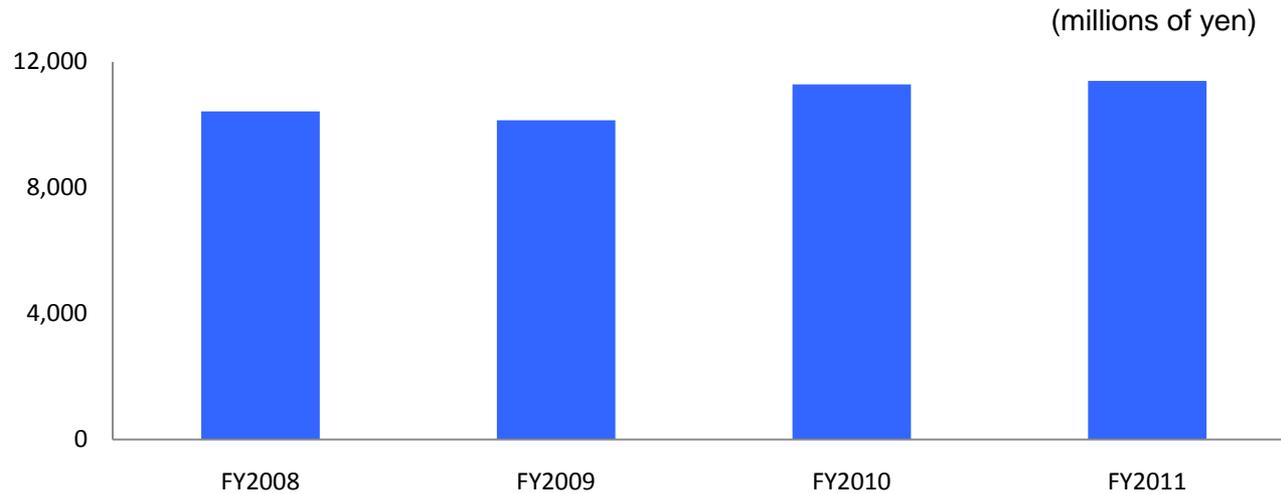
Improved organization

➡ Experienced financial consultants are assigned in all branches to enhance sales system

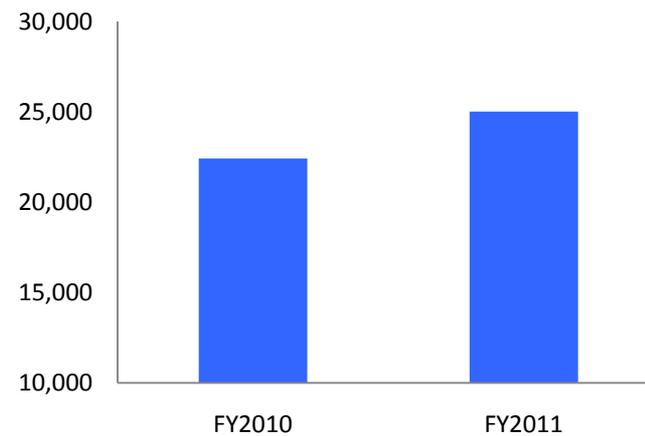
✓ Establish circulating-type of business from generation to generation through providing products according to the client segment by age

Situation of retail real estate business

Brokerage fees of Sumitomo Mitsui Realty



The number of real estate information

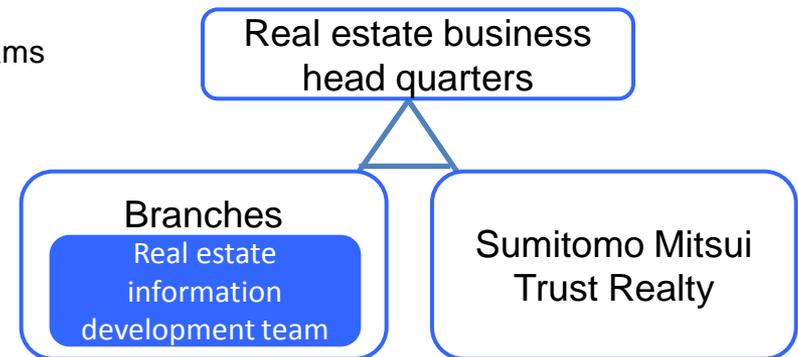


Expansion of clients needs

Increasing demand for real estate business along with the change in residential needs of senior class

Improved organization

➔ Additionally placed real estate information development teams in 27 branches



Cooperation with Sumitomo Mitsui Trust Realty

FY2011 Fees of major real estate brokers

Rank	Company / Group	Fees (billions of yen)
1	Mitsui Fudosan Realty	59.8
2	Sumitomo Real Estate Sales	45.9
3	Tokyu Livable	30.1
4	Nomura Real Estate Group	16.3
5	Sumitomo Mitsui Trust Realty	11.2

