

Investor Meeting on Financial Results for 1HFY2021

November 18, 2021

- ◆ This is Takakura of Sumitomo Mitsui Trust Holdings.
- ◆ Thank you for viewing our presentation for First Half results for fiscal year 2021.
- ◆ What I would like to share with you today are mainly the three points listed on page 2.

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Key messages

First Half Results, Full Year Forecast

- ✓ Net business profit is expected to achieve the level of the final year of medium-term management plan ahead of schedule
- ✓ Net income forecast is unchanged at this moment, based on assumption that it will be revised 3Q onward. We aim to post profits in line with core earning power growth in FY21, while making progress in restoring the soundness of equity hedge transactions

Aiming for Sustainable Growth Strategies and Higher ROE

- ✓ Fully utilizing the functions of a trust banking group, provide solutions to the challenges of corporations, investors, and individuals and aim for steady growth through a "virtuous circulation" of funds, assets and capital, and pursue capital-light and higher ROE management
- ✓ Improve capital efficiency through measures such as reducing strategic shareholdings and leveraging our B/S to develop investor business.
- ✓ CET1 ratio (finalized Basel 3) at 9.9%. Accumulated an acceptable level of capital, and entering the phase of capital utilization

Sustainable reinforcement of management base

- ✓ Accelerate contribution to society and environment: climate change and natural capital
- ✓ Strengthen investment in human capital to support sustainable corporate growth

- ◆ First, I would like to explain the key points of the financial results for the first half of fiscal year 2021, so please turn to page 4.

(1) Financial results for 1HFY2021

Summary of financial results for 1HFY2021, Forecast for FY2021

- Both Net business profit and Net income increased YoY. Progress against original full year forecast was 62% and 72%, respectively
- As for full year forecast for FY2021 Net business profit was revised upward by ¥30bn. Net income remains unchanged at this time in order to assess trends in line items other than Net business profit from 3QFY21 onward

<Major KPIs>

	1HFY20 Actual	1HFY21 Actual	change from 1HFY20	FY21 Plan	change from FY20	change from initial plan
(Yen bn)						
1 Net business profit before credit costs	141.0	174.4	33.3	310.0	+ 15.2	+ 30.0
2 Substantial gross business profit	358.7	400.7	41.9	775.0	+ 35.7	+ 35.0
3 Substantial G&A Expenses	(217.6)	(226.2)	(8.6)	(465.0)	(20.4)	(5.0)
4 Total credit costs	(2.0)	5.1	7.1	(20.0)	(12.1)	-
5 Net gains on stocks	10.8	(18.0)	(28.8)	(30.0)	+ 13.5	(30.0)
6 Other net non-recurring profit, Extraordinary profit	(36.9)	(10.1)	26.7	(35.0)	+ 8.3	-
7 Net income	80.0	111.0	30.9	155.0	+ 12.8	-
8 Fee income ratio	49.9%	50.7%	+ 0.8%			
9 Overhead ratio	60.6%	56.4%	(4.2%)	60.0%	(0.1%)	(2.2%)
10 Return on equity	6.19%	8.11%	+ 1.92%			
11 Common Equity Tier 1 capital ratio	12.42%	12.65%	+ 0.23% (*)			

(*) Pro-forma figure of Sep. 2021 CET1 Capital Ratio on finalized Basel III reform basis is 9.9%.

<Per share information>

	1HFY20 Actual	1HFY21 Actual	change from 1HFY20	FY21 Plan	change from FY20	change from initial plan
(Yen)						
12 Earnings per share (EPS)	213	296	82	413	+34	±0
13 Dividend per share (DPS)	75	80	+ 5	160	+10	±0
	Mar. 21	Sep. 21	change from Mar. 21			
(Yen)						
14 Net assets per share (BPS)	7,192	7,378	186			

<Shareholders' return>

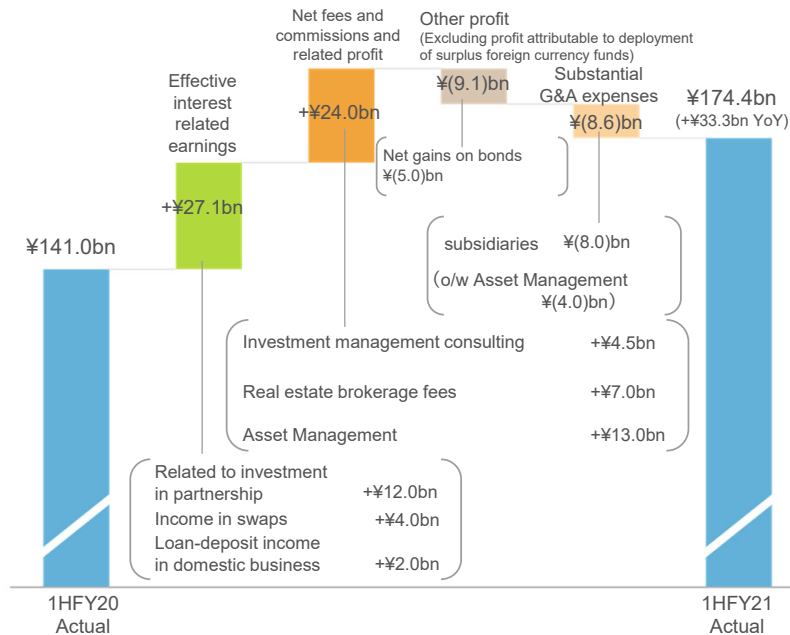
	FY21 Plan
15 Dividend payout ratio	38.7%

- As shown in the materials, actual Net business profit before credit costs for the first half of the fiscal year was 62% of the original full-year forecast, and Net income increased by 30.9 billion yen year on year, which is a high progress rate of 72% against the original full-year forecast.
- Net business profit before credit costs is growing steadily, mainly in the fee business.
- We have also revised our full-year forecast upward by 30 billion yen to 310 billion yen. We expect to achieve our medium-term management plan ahead of schedule.
- On the other hand, we did not make any changes to the Net income at this moment.
- We are making good progress, and I would like to say that we have achieved Net income ahead of the medium-term management plan as well.
- However, it might be premature to say that we have firm outlook for this fiscal year regarding the handling of hedging transactions under the current high stock price environment.
- Please understand that this decision has been deferred based on the assumption that we will assess the condition again in the third quarter or later, and that we would like to achieve a profit level based on the fact that we have gained core earning power.
- Please note that I will talk about the treatment of hedging transactions later.
- Please turn to page 5 for details on the year-on-year change in Net business profit.

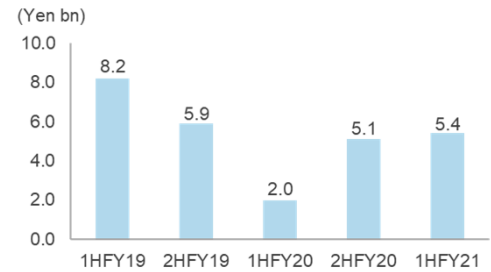
Net business profit before credit costs

- Increased by 33.3bn YoY due to increase of Effective interest related earnings and Net fees and commissions related profit
- Client related business made good progress and asset management business also performed well due to favorable market condition. In addition, approx. ¥20bn(*) of non-recurring related to investment partnership, etc.

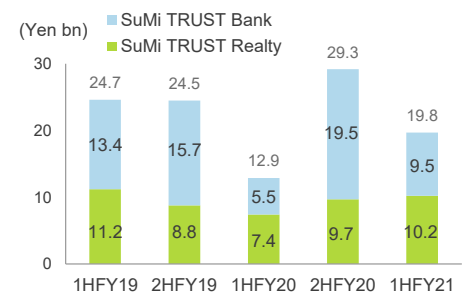
(*) Profits related to investment partnership included in effective interest related earnings (+¥12.0bn), dividend earned from a company with which our group has business partnership with capital investment (+¥3.0bn)



Sales fees of investment trust and insurance



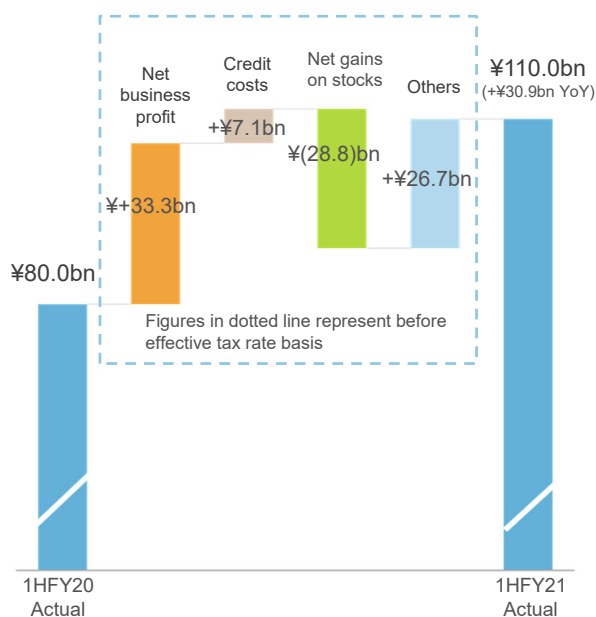
Real estate brokerage fees



- Although there were some non-recurring profits such as valuation gains on private equity in Effective net interest earnings, the client business, especially the fee business, performed well.
- We believe that the measures we have taken to date are having an effect, and we are steadily developing our earning power.
- Please turn to page 6.

Net income

- Net income increased ¥30.9bn YoY
- Net gains on stocks decreased due to loss realized from reduction of hedging investment trusts, while credit costs and other extraordinary line items improved



Major factors of change

✓ Credit costs (1H FY20: ¥(2.0)bn → 1H FY21: ¥5.1bn)

YoY
+¥7.1bn

- new occurrence is limited in 1H FY21
- Release of reserves due to the improvement in business conditions of clients.

✓ Net gains on stocks (1H FY20: ¥10.8bn → 1H FY21: ¥(18.0)bn)

YoY
¥(28.8)bn

- Steady progress in dialogue with clients(*)
- Accelerate reduction of hedging transaction and realized loss, which exceeded realized gain through sale of strategic shareholdings

(*) Reduced ¥22.3 bn at cost in 1H FY21

✓ Other net non-recurring profit (1H FY20: ¥(36.9)bn → 1H FY21: ¥(10.1)bn)

YoY
+¥26.7bn

- Increased substantially YoY, mainly due to improvement of net losses on stock related derivatives by approx. ¥11.6bn and, amortization of actuarial net differences by approx. ¥5.5bn

- ◆ Please refer to changes in items other than Net business profit. Credit costs were reversed due to release of loan loss reserves.
- ◆ Gains on stocks were a loss of -18.0 billion yen in the first half, a decrease of 28.8 billion yen year on year, due to the realization of valuation losses on hedging transactions, while gains were recorded from the reduction of strategic shareholdings.
- ◆ Other net non-recurring profit, which is shown in light blue in the graph, improved by 26.7 billion yen year on year, due to the absence of major negative factors such as last year's.
- ◆ That's it for the financial points, please go to page 8.

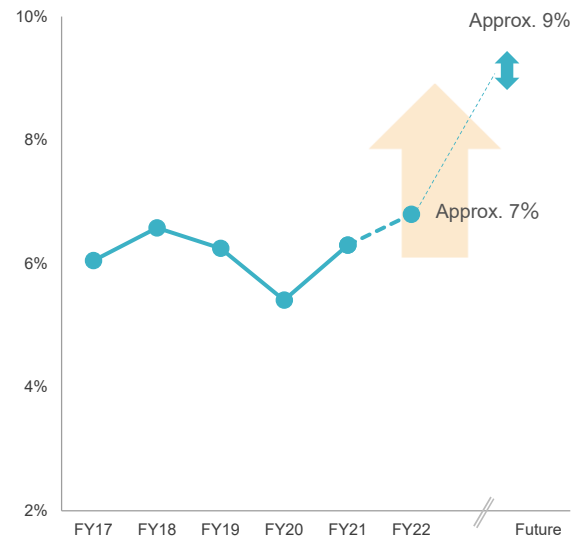
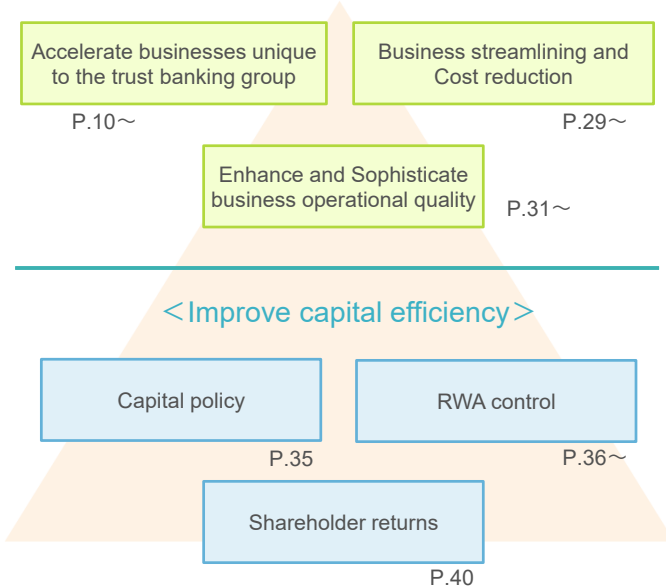
(2) Sustainable growth strategies ~ Pursuing higher ROE ~

Initiatives for ROE improvement

- Pursue higher ROE, capital-light business model by leveraging our strengths as a trust banking group

ROE improvement

< Steady profit growth >



- ◆ I will explain our strategy to achieve sustainable growth and improve ROE.
- ◆ I will divide the explanation into numerator and denominator.
- ◆ I will start with the numerator, which is our strategy for profit growth.
- ◆ Please turn to page 10.

Accelerate businesses unique to the trust banking group

P.10~

Growth in Virtuous Circulation of funds, assets and capital

- (1) Solutions for corporate clients (Responding to structural changes due to climate change, etc)
- (2) Solutions for Investor clients (Provide diverse investment opportunities)
- (3) Solutions for Individual clients (Provide security and peace of mind in age of 100-year life)

Initiatives for business streamlining and cost reduction

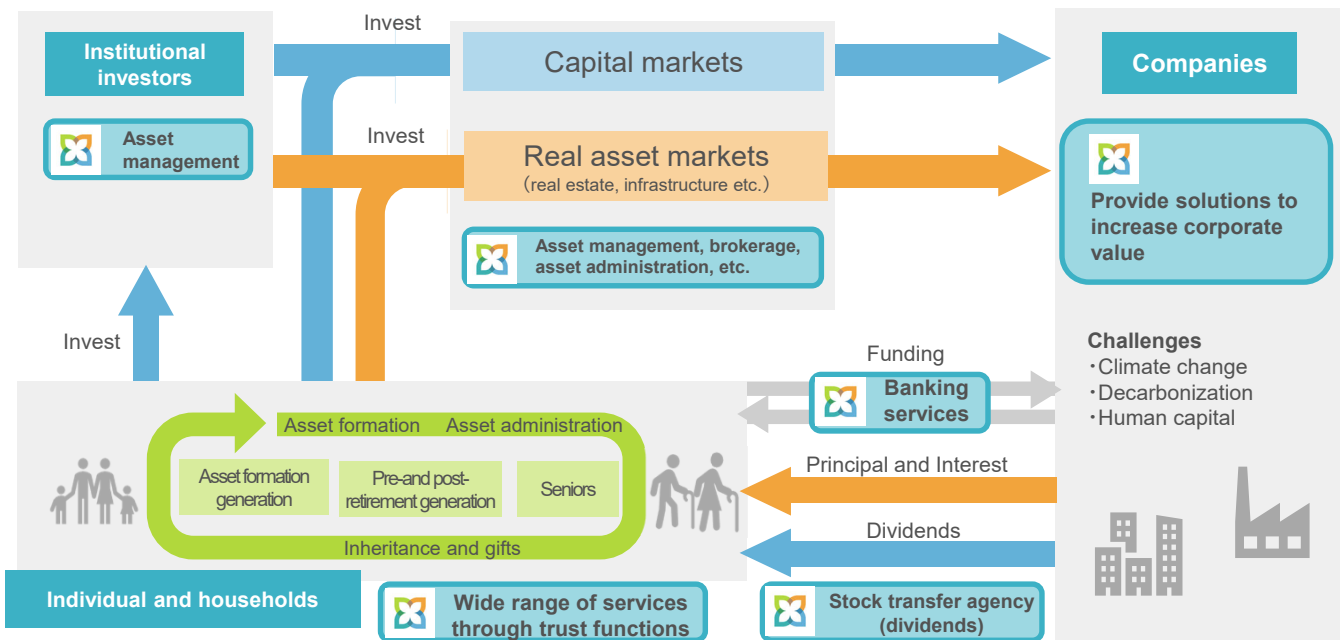
P.29~

Enhance and Sophisticate business operational quality

P.31~

Growth in Virtuous Circulation of funds, assets and capital

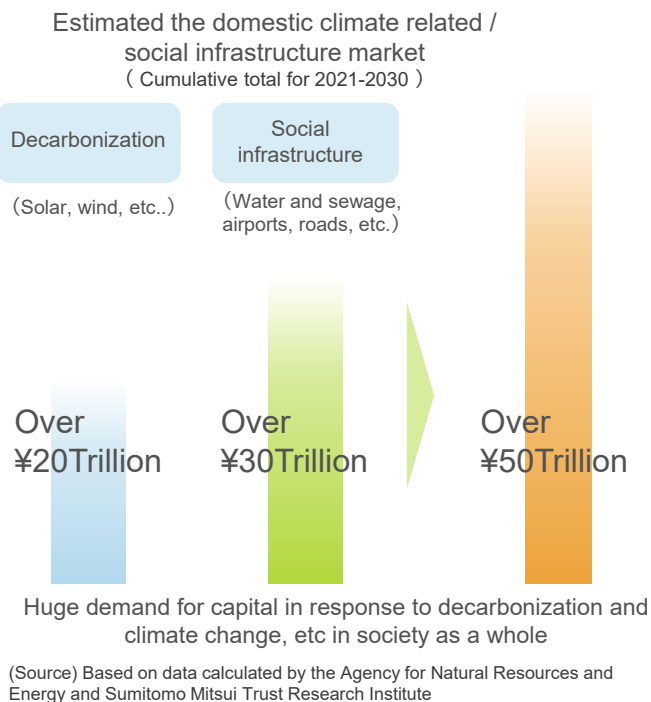
- As a Trust banking group, we have various contact points with capital markets, real asset markets and life cycles of individual clients
- Provide solutions to society by developing virtuous circulations. Increase of business contacts in the process will bring our corporate growth



- ◆ We have many points of contact with companies, investors, and individuals, mainly in the fee business.
- ◆ Originated at those points of contact where we could grasp and recognize clients' needs, utilizing our unique function and strength as a trust banking group, we create a virtuous circulation.
- ◆ Through the circulation, we could simultaneously pursue contribution to the economy and society, and also realize profit growth for our group.
- ◆ First, let me explain how the Group plans to achieve profit growth through a company-related circulation.
- ◆ Please turn to page 11.

(1) Solutions for corporate clients ~Social and industrial changes~

Japanese Market volume perspective



Global Market volume perspective

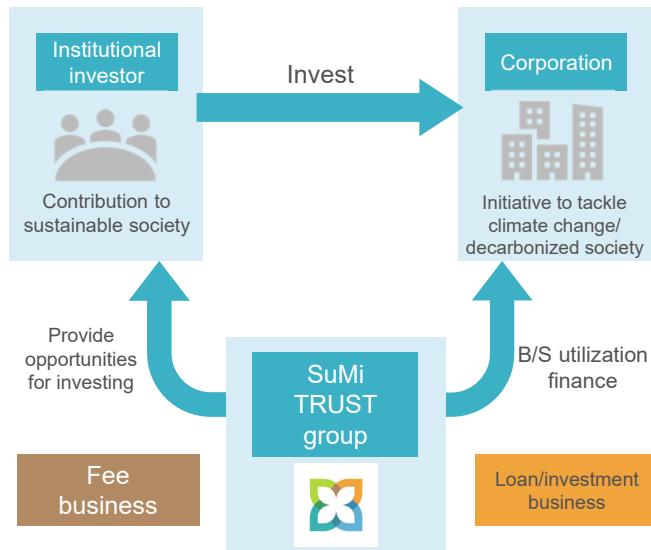


- ◆ The biggest challenge that society and many companies now face is climate change, decarbonization, and development and/or renewal of infrastructure.
- ◆ It is estimated that by 2030, the decarbonization and infrastructure market in Japan alone will be worth over 50 trillion yen, and globally, the world's major financial institutions alone will invest 100 trillion dollars.
- ◆ Please go to page 12.

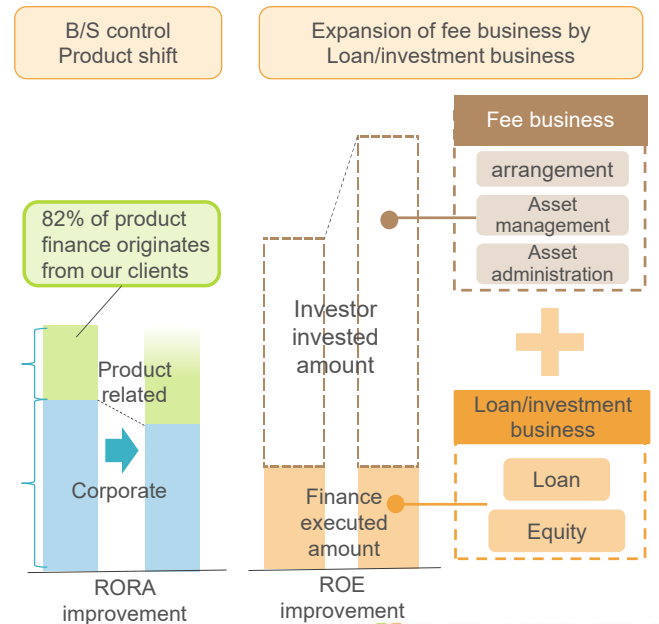
(1) Solutions for corporate clients ~Utilizing unique functions of a trust banking group~

- Create new investment opportunities through utilization of our B/S. Create positive impact in the market co-working with investors
- Improve ROE by increasing the fee revenue from product related credit transactions based on the clients' needs

Respond to clients' needs with our unique functions



ROE improvement initiatives

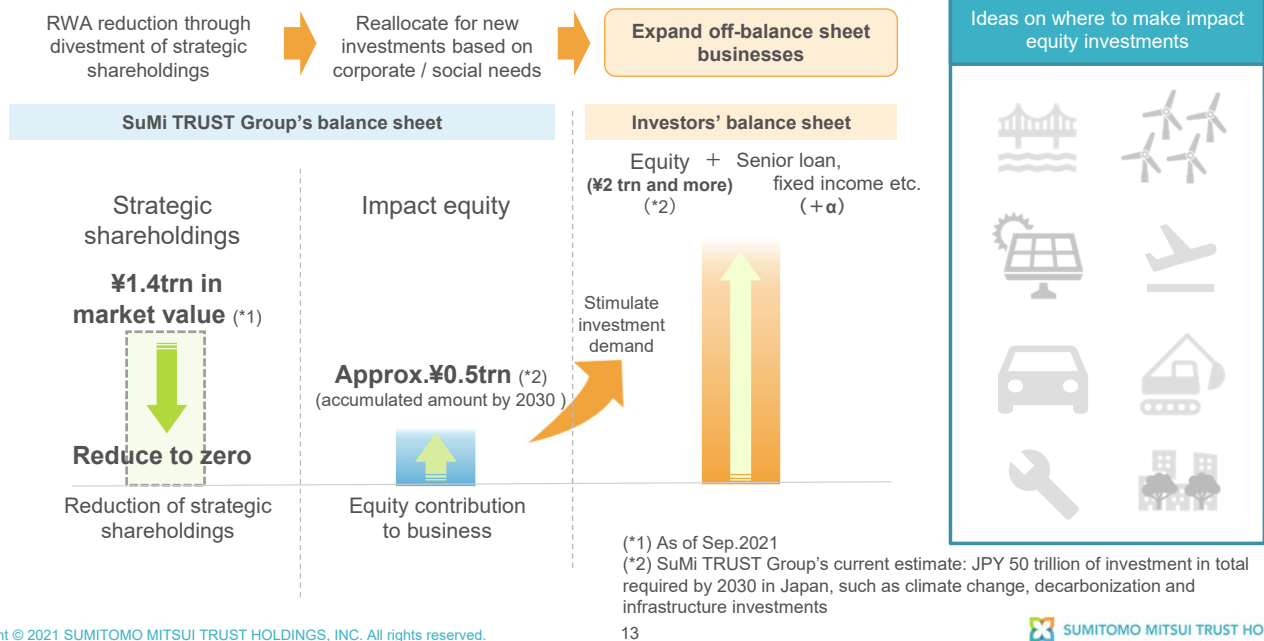


- ◆ First of all, in the area of loans/investments business, fully utilizing our functions as a trust banking group, we can create positive impact on client corporations and society by providing investment opportunities to investors by leveraging investments and loans advanced from our own account.
- ◆ While solving social issues, we could also improve ROE by increasing fee revenue as shown in the figure on the right.
- ◆ Please turn to page 13.

(1) Solutions for corporate clients ~Creating new businesses by utilizing impact equity~

- Respond to needs in areas such as climate change, decarbonization or infrastructure investments by leveraging impact equity and funds from investors
- Create new businesses that contribute to society by utilizing capital released by divestment of strategic shareholdings

Utilize equity and funds from investors



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- ◆ We would like to utilize investments on our own account, such as impact equity investments, to meet the financial needs of our clients and society, in areas such as climate change and decarbonization.
- ◆ If we assume that domestic investment in decarbonization and infrastructure is 50 trillion yen, as I mentioned earlier, the Group will be able to utilize 500 billion yen in equity by 2030.
- ◆ This would invite in more than 2 trillion yen in investor equity, and even more in senior debt investment.
- ◆ A portion of the risk-weighted assets of strategic shareholdings, which we are currently in the process of reducing, will be used for impact equity investments.
- ◆ We believe that by creating an opportunity for investment, we can create social and economic value, such as the creation of new businesses and systems, as well as new commitments with client companies.
- ◆ Please turn to page 14.

(1) Solutions for corporate clients ~Using technology to create businesses~

- The Technology-based Finance (TBF) Team seeks to create new businesses with our corporate clients by showcasing its capabilities of technology and business matching function as a bank

Establishment of the TBF Team

- Understand innovative technology and social systems in depth
- Contribute to the creation of businesses based on scientific knowledge

TBF Team

Recruited researchers (currently a team of 7) in cutting-edge technology fields, including hydrogen, innovative battery development, and CO2 catalysts
(see page 50 for team members)

TBF Team's
scientific
knowledge



Finance &
Trusts



The Group's
client base



Propose and create new business models and ecosystems for climate change and other issues

Specific case: Green Hydrogen Supply Chain Project



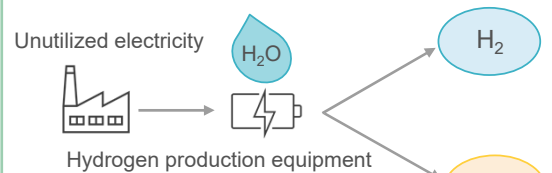
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- ✓ Overall coordination
- ✓ Technology matching



Creation of
new businesses

Business model lowering the cost of producing hydrogen to mass production levels
(Adopted as MoE's supporting business)(*)



ASAHI PRETEC



X-Scientia



エフシー開発株式会社

(*)Low Carbon Technology research, Development and Demonstration Program of Ministry of the Environment



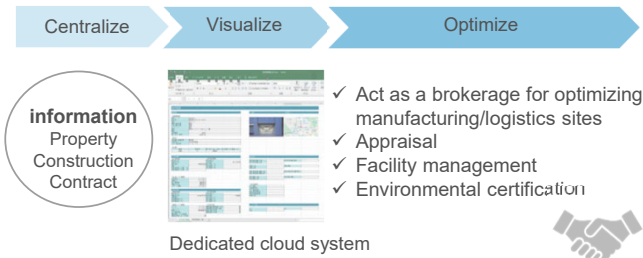
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- ◆ We are also enhancing our capability to respond to the challenges of technological innovation that companies will face when they try to create businesses.
- ◆ In April this year, we created a technology-based finance team consisting of researchers in advanced technologies.
- ◆ We have started to support companies from both financial and technological perspectives.
- ◆ We have received a great deal of interest from our clients in this initiative, which can create new businesses.
- ◆ We have already succeeded in establishing a supply chain for hydrogen production using surplus electricity in Kitakyushu, and are currently in the process of discussing several commercialization projects.
- ◆ Please turn to page 15.

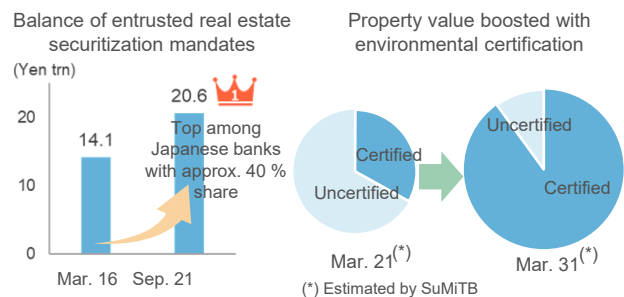
(1) Solution for corporate clients ~Services for real estate held by companies~

- Provide consulting services for growing ESG challenges such as environmental issues or energy cost efficiency improvement
- As No.1 company regarding the entrusted balance of securitized real estate in the industry, we will continue to advance initiatives that contribute to enhancing property value, especially from decarbonization point of view

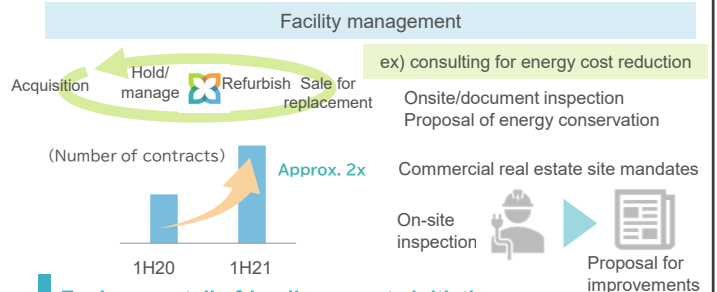
Corporate clients' real estate needs



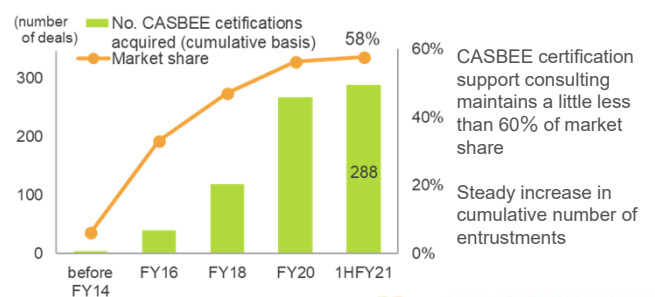
Needs for Environmental certification in securitization business



Initiatives for value-added real estate administration services



Environmentally friendly property initiatives



- ◆ On pages 15 and 16, we describe the growth potential of the real estate related business.
- ◆ In particular, as described on page 16, there has been an increase in the number of companies reviewing their real estate holdings after Covid-19 outbreak and in response to climate change, and current brokerage business pipelines have accumulated to the same level as in the second half of the previous fiscal year, when profits were at a record high.
- ◆ Please turn to page 17.

(1) Solution for corporate clients ~Real estate brokerage~

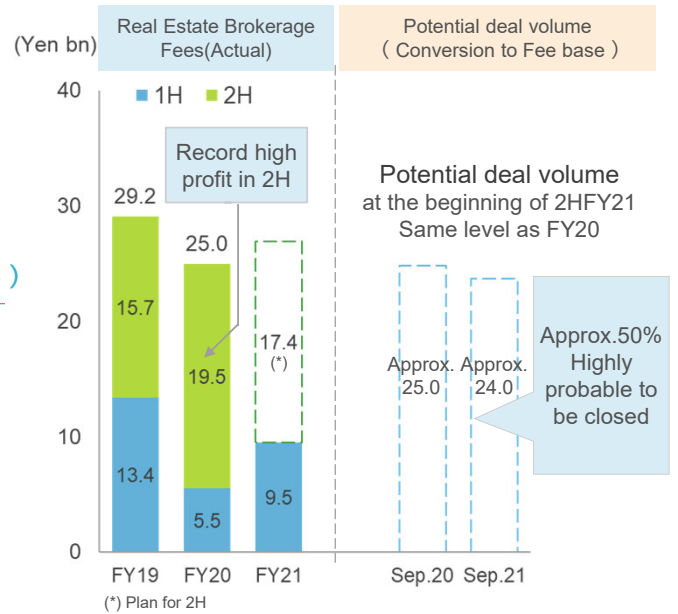
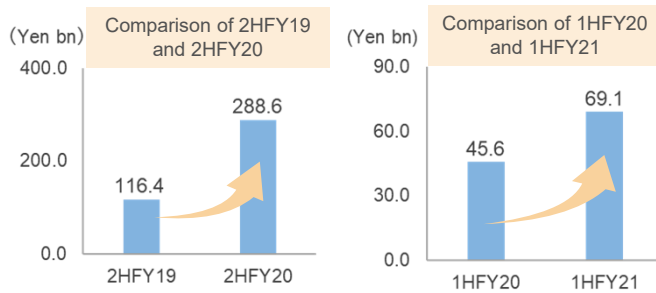
- Response to various changes by Covid-19 or climate change issues, many corporate clients reassessed their own properties, and real estate sales and consulting needs have been increased
- Potential deal volume of real estate brokerage is almost the same level as the previous year as of Sep. 2021

Real estate needs due to Covid-19 and climate change



Corporate Real estate brokerage

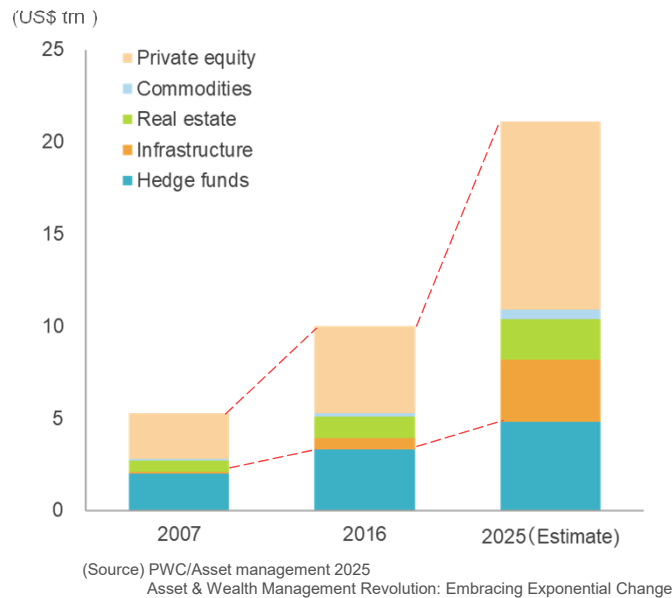
Real estate sales by corporations (Property value base)



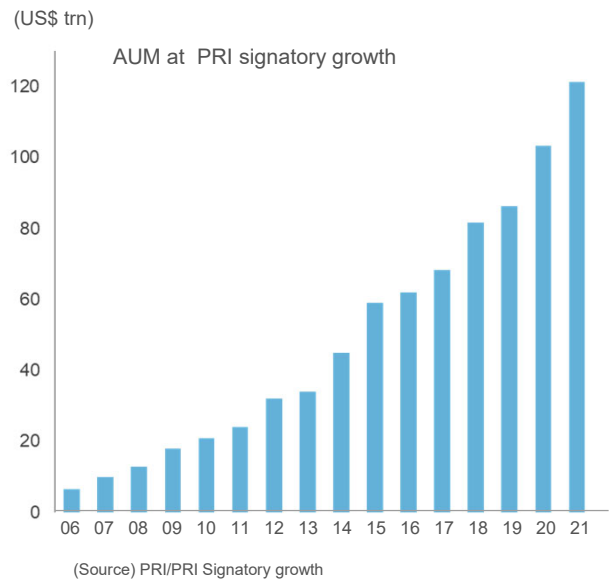
(2) Solutions for investor clients ~Investment environment~

- Due to the changing social and financial landscape, relative advantage of investment returns and purpose of investing to be taken into consideration
- Accordingly, investments in private assets, real assets and sustainability related investments have been increasing

Investments in private assets and real assets



Expansion of sustainability investment

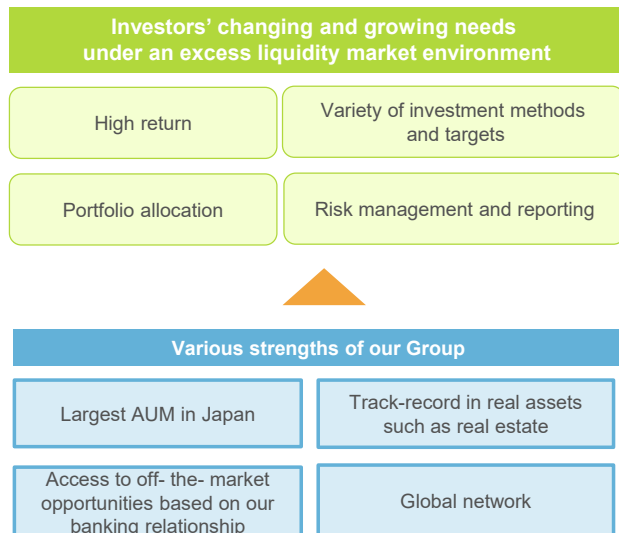


- ◆ Next, I would like to talk about profit growth through the virtuous circulation related to investor clients.
- ◆ While the current excess liquidity environment continues, we are also seeing changes in monetary policy.
- ◆ We continue to see an increase in investments in illiquid assets with relatively high returns, such as private equity and real assets, as well as in sustainability investments.
- ◆ Please turn to page 18.

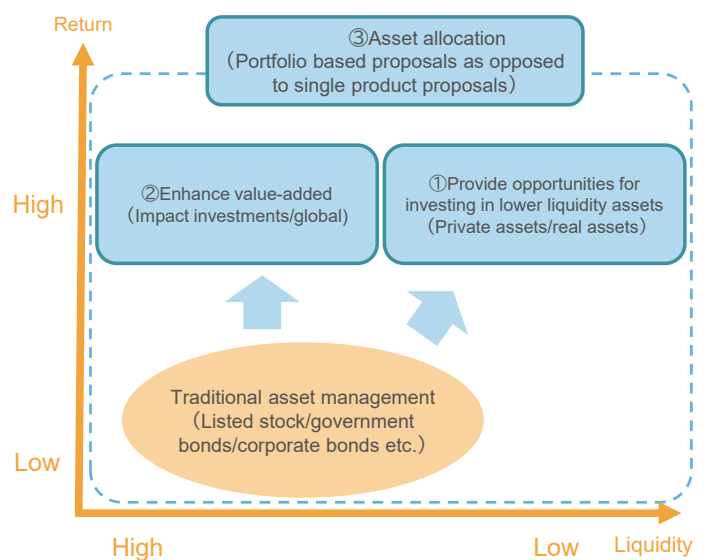
(2) Solutions for investor clients ~Provide diverse investment opportunities~

- Respond to changing and growing investor needs with our diverse capabilities in an environment of excess liquidity
- Further growth of the investment management business is possible by providing timely and appropriate solutions accurately understanding changes in investor needs

Group strengths responding to various investor needs



Growth strategy based on investor needs



- ◆ Our growth strategy to meet a wide range of investor needs is shown on the right.
- ◆ While maintaining our strength in traditional asset management, we will provide high value-added investment opportunities such as illiquid assets, global investment, and sustainable investment, where investment demand is increasing.
- ◆ Another one of our strengths is our ability to provide services for an investor's entire asset allocation, rather than a single investment product.
- ◆ Please turn to page 19.

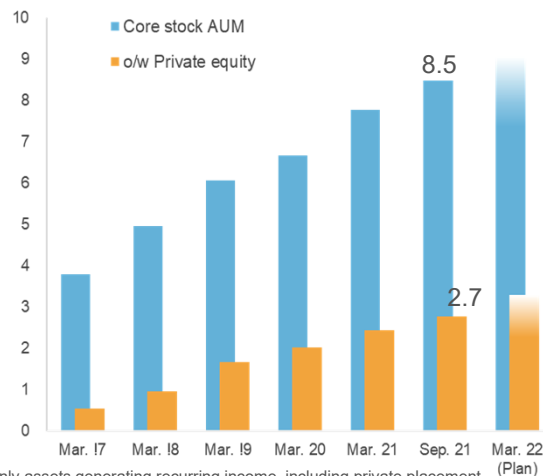
(2) Solutions for investor clients ~Expansion of investment in illiquid assets and investor client base~

- AUM of private assets such as real estate or infrastructure investments has been steadily increasing in addition to private equity
- Investor client base has expanded by participation of regional financial institutions and various corporate investors in addition to pension clients

Core stock AUM of the wholesale AM business domain including PE^(*)

Gate keeping business for pensions and financial institutions in SuMiTB's wholesale AM business domain has been growing especially in private equity investment

(Yen trn)



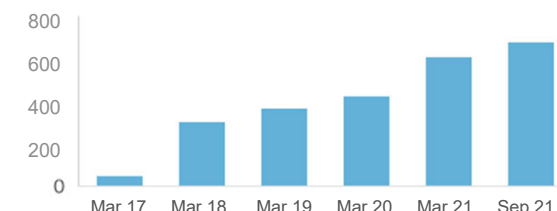
(*1) Mainly assets generating recurring income, including private placement investment trusts, jointly operated money trusts, private assets, etc.

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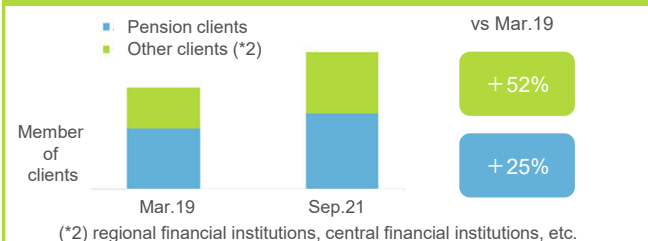
AUM growth of real assets (excl. PE)

Outstanding balance of private debt, real estate, infrastructure assets within core stock AUM

(Yen Bn)



Investor clients base in private assets



(*2) regional financial institutions, central financial institutions, etc.

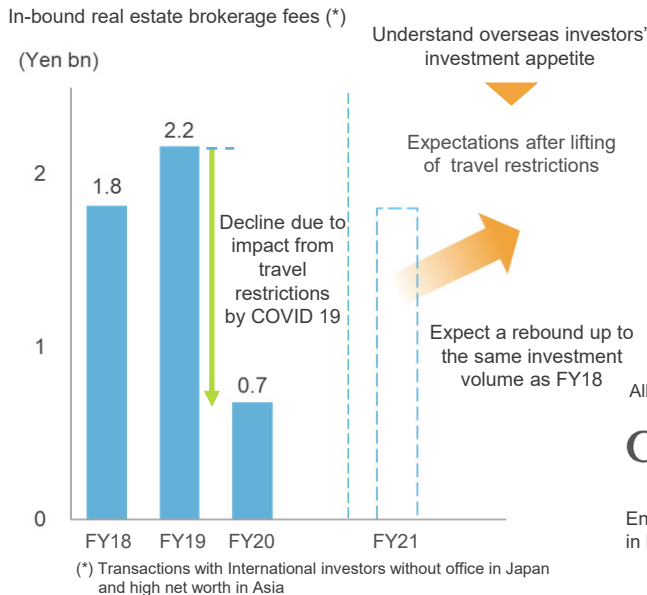
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- ◆ In the investor business, as shown in the graph below right, client base has been expanding to include regional financial institutions in addition to pension clients.
- ◆ As for investment products, AUM debt with our wholesale asset management business is expanding, in private assets and real assets.
- ◆ Please turn to page 20.

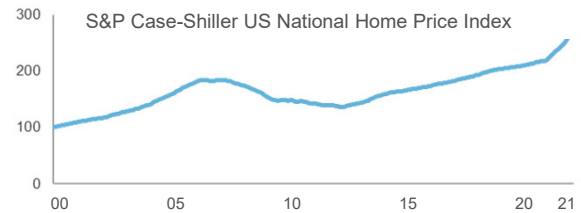
(2) Solution for investor clients ~Real estate investment~

- Travel restrictions constrain in-bound needs in FY20 but we expect V shaped recovery once restrictions are lifted as opportunities are abundant
- Enhance international business partnership strategy responding to both in-bound and out-bound real estate business needs

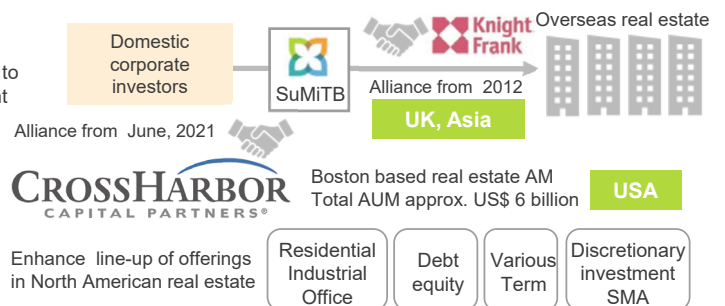
Potential of In-bound real estate investments



Potential of Out-bound real estate investments



Bolstering Out-bound real estate business partnerships



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- ◆ Among real assets, real estate investment is an area where steady growth in earnings can be expected.
- ◆ Inbound investment, which attracts investment funds from overseas, is expected to see further growth in earnings as travel restrictions are eased.
- ◆ The graph on the left shows only the brokerage results for overseas investors who do not have a base in Japan, but we can expect an improvement in earnings of about 1 to 2 billion yen just by returning to the pre-Corona level.
- ◆ Now, please turn to page 21.

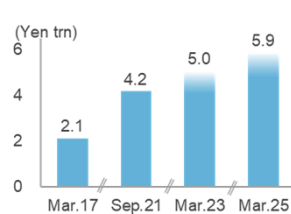
(2) Solutions for investor clients ~Investment method with added value~

- Sumitomo Mitsui Trust Asset Management (TAM) is contributing to the expansion of ESG investments
- Nikko Asset Management (Nikko AM) is providing high value added services by leveraging global investment and distribution network

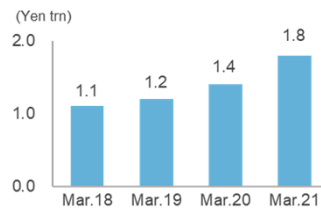
TAM: Increasing ESG investment with added value

Provide stable mid-long term asset management services to investors through long-seller publicly offered investment trusts

【Changes in long seller fund(*1)】



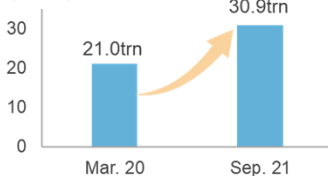
【Changes in DC investment trusts】



Increase added value with ESG investments

【ESG-related AUM balance(*2)】

(Yen trn)



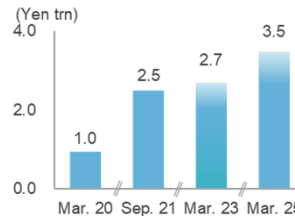
Expand impact finance in areas specifically called for higher expertise

(*1) Funds out of publicly offered investment trusts that are assumed to be for core investments that exceed life of 5 or more years
 (*2) Total of Index-linked type, ESG considered type, General ESG type, Impact investment type products

Nikko AM: Cross-border asset management and sales

Provide edged and advanced investment products worldwide to Japanese and international investor clients

【Balance and targets of advanced products(*3)】



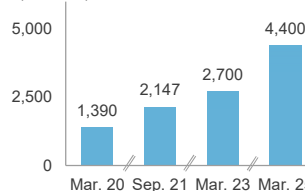
Alliances with /equity investments into overseas asset managers

- ✓ Develop various advanced products based on Nikko AM's unique ideas
- ✓ Expand in Japan and Asia region

Promote high value-added off-shore ETFs

【Balance and targets of listed ETFs in overseas markets】

(USD mn)



Investment mainly in Asia market



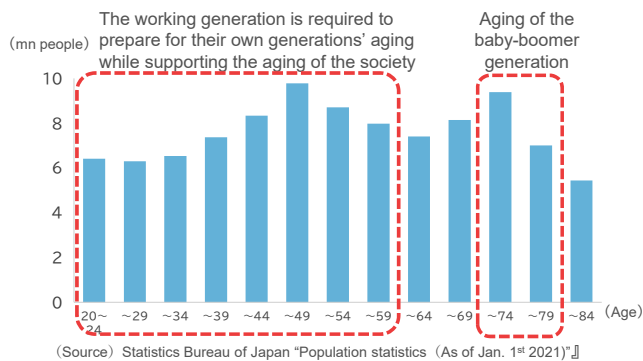
Provide clients in Asia, US, Japan

(*3) Funds that Nikko AM considers as advanced in terms of product concepts or product designs (Ex: Global prospective fund, Digital transformation equity fund etc.)

- ◆ Among the Group's asset management companies, Nikko Asset Management has been performing well in cross-border investment management and distribution.
- ◆ In addition to the creation of distinctive products through the alliance with foreign asset managers, Nikko AM is also expanding its global activities, including the sale of ETFs of Asian markets into North America.
- ◆ Next, I would like to explain about profit growth through circulation related to individual clients.
- ◆ Please turn to page 22.

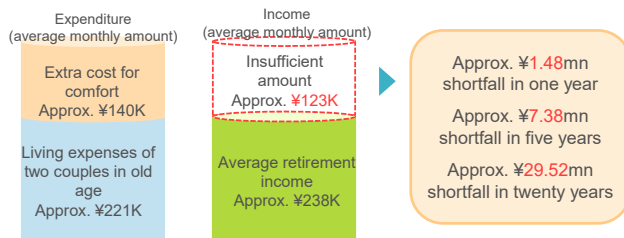
(3) Solutions for individual clients ~Needs in an age of 100-year life~

Demographics in Japan



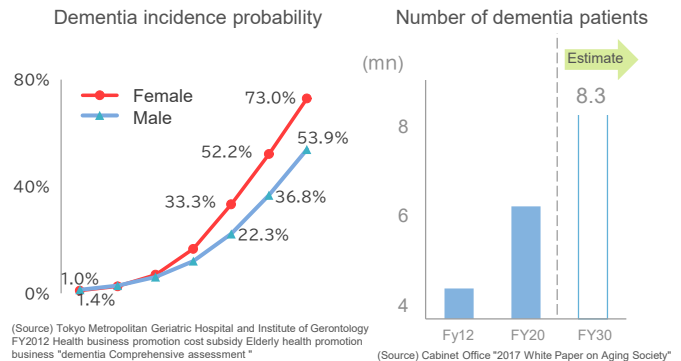
Asset formation needs of the working generation

Funds and shortfalls needed for a comfortable life



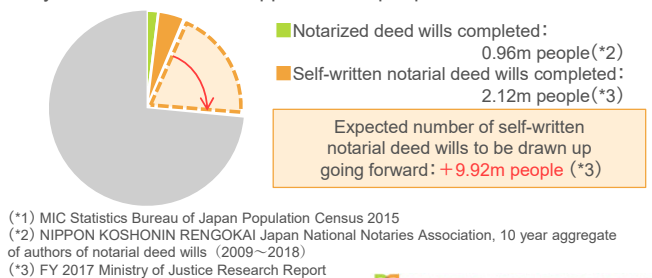
(Source) Created by the Company based on the monthly amount deemed necessary by respondents from the Ministry of Internal Affairs and Communications "Annual Report on Household Income and Expenditure (Household Income and Expenditure) First Year of Reiwa" and the Life Insurance Culture Center "Survey on Life Security in the First Year of Reiwa"

Issues of dementia in an aging society



Growth potential of the will trusts market

55 years old and above: approx. 49mn people^(*)

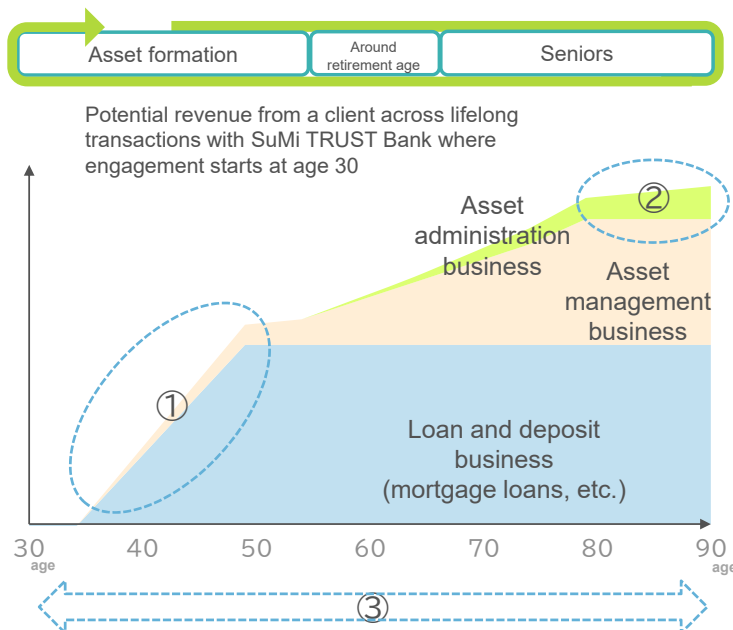


- ◆ The working-age population, the so-called asset formation generation, will have to support the aging of society and at the same time, prepare for the aging of their own generation.
- ◆ In addition, dementia is a serious problem for the aging population.
- ◆ As a trust banking group, we have a large role to play in addressing these issues, and we will strive to create social value by meeting the expectations of our clients and society.
- ◆ Please turn to page 23.

(3) Solutions for individual clients ~Providing security and peace of mind in age of 100-year life~

- Transactions that continue over the client's lifetime—boost earnings by meeting the needs of clients across all age groups

Aiming to further strengthen our business model



Key points of the strategy

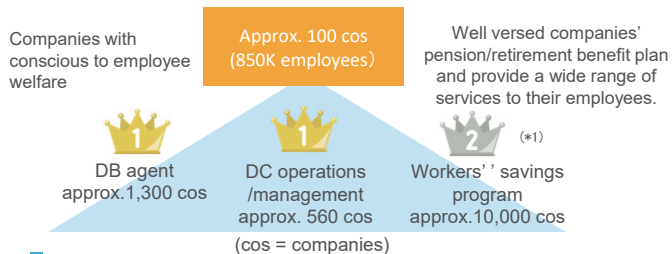
- ① Increase contact points and transaction across multiple business areas with the asset formation generation
→Leads to lifelong relationships
- ② Enhance products and services that provide security and peace of mind to the aging senior generation
→Leads to some transactions in other areas including asset management
→Leads to transactions with the next generation, including inheritance and endowment-related businesses
- ③ Real estate transaction opportunities across all generations

- ◆ I believe that the role of ourselves, as a trust banking group, for individual clients is to provide high value-added services based on consulting at important moments in each stage of their lives.
- ◆ When we look at this from our strategic perspective, the three points listed on the right are key.
- ◆ To create multiple layers of transactions with the asset formation generation, leading to lifelong transactions.
- ◆ To provide safe and secure services to seniors, and to connect them to the next generation.
- ◆ In addition, we will increase opportunities for real estate brokerage transactions with all generations, which is our strength.
- ◆ These strategies are explained in the following pages.
- ◆ Please turn to page 24.

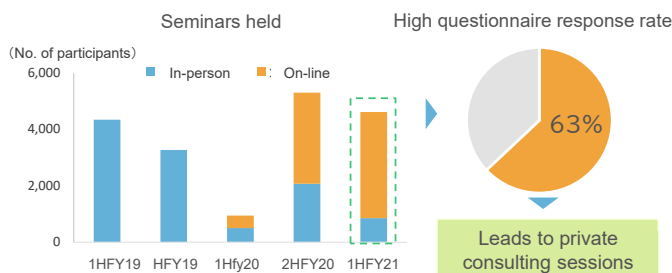
(3) Solutions for individual clients ~Providing services for workplace clients~

- Provide asset formation related services to employees of our client companies with which we have long business relationships
- Pursue the further growth in this business area by supporting better engagement between the companies and their employees

Based on corporate pension business relationship



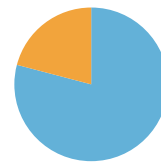
Efficient marketing through on-line seminars



(*1) Estimated by SuMiTB (*2) Clients of SuMiTB's DC and workers' savings program

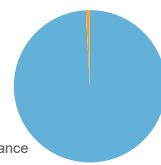
Asset volume of workplace business (*2)

AUM: approx. ¥640 bn



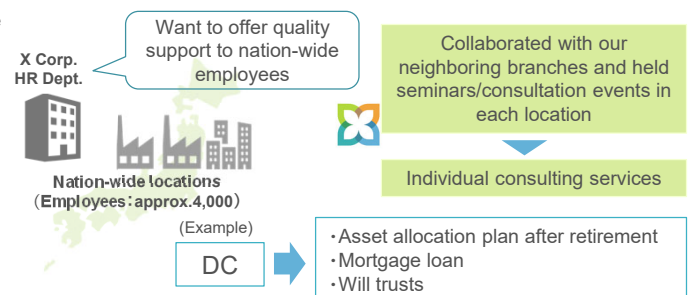
Deposits
Investment trusts/insurance
etc.

Various loans: approx. ¥1.2 trn



Mortgages
Others

Specific case of solutions (Manufacturer X)



- ◆ The first point is to expand contact with customers who work for companies and to engage in multiple transactions with them.
- ◆ We have built trusting relationships with client corporations over the years through pension and asset-formation and saving business.
- ◆ We have developed a system to efficiently respond to clients' employee concerns about asset management and asset administration, mainly among companies that are highly conscious about human capital, by utilizing online services.
- ◆ The emphasis on human capital by companies is providing a tailwind that is expanding the possibilities for providing a variety of services for client companies' employees.
- ◆ Next, please turn to page 25.

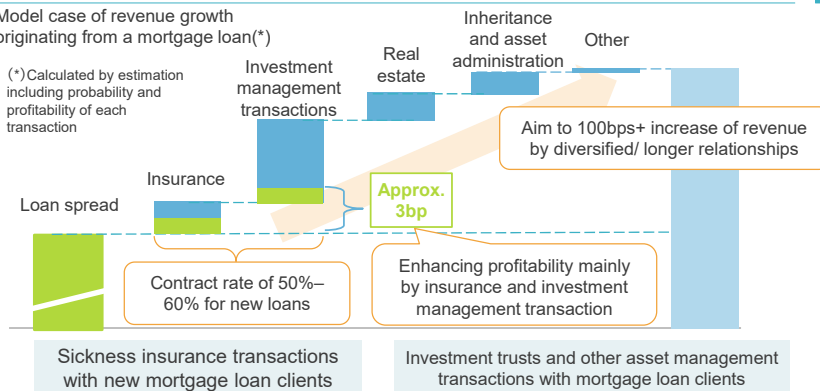
(3) Solutions for individual clients ~Enhancing business with mortgage clients~

- Improve profitability of mortgage loan clients by offering multiple products
- Creating longer client relationships by leveraging "housing wills" and other services to create ongoing touchpoints with clients

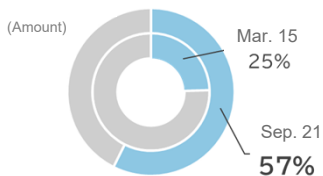
Enhancement of profitability from multiple transactions

Model case of revenue growth originating from a mortgage loan(*)

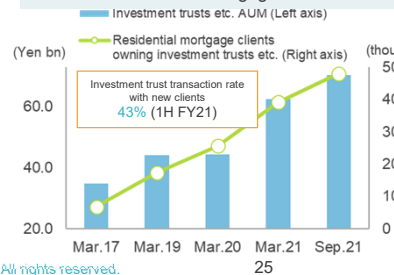
(*) Calculated by estimation including probability and profitability of each transaction



Sickness insurance transactions with new mortgage loan clients



Investment trusts and other asset management transactions with mortgage loan clients



Creating longer client relationships beyond mortgage loan term



- ✓ We accept entrustment of a simplified will for no cost from the client at signing of a mortgage loan
- ✓ Opportunities to contact the clients are continuously created when the will is reviewed or checked every year

By expanding the scope of this service to existing mortgage loan clients, we aim to conclude contracts with **20% of our 400,000 mortgage loan clients**

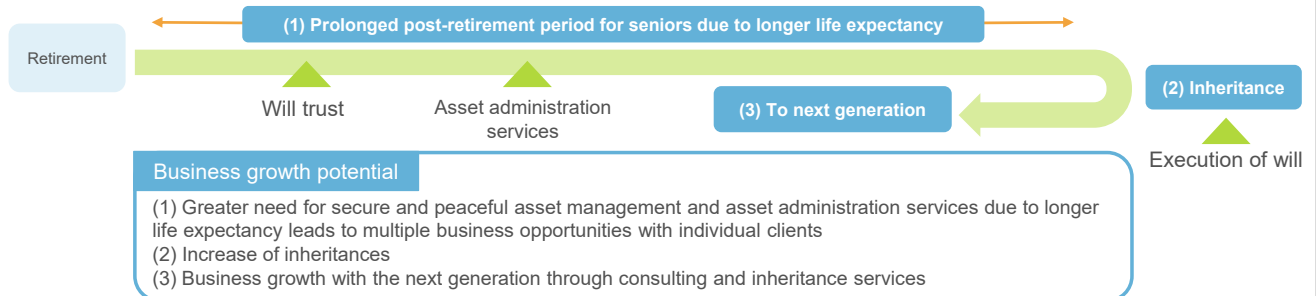
Further expanding client touchpoints will lead to more diversified transactions and long-term relationships with clients

- ◆ Starting with mortgage loans, we are working to improve our earnings by expanding our transactions into insurance, investment trust management, and other areas.
- ◆ In the future, we will also expand our efforts to create more opportunities for consultation in the course of long-term relationships, utilizing uniqueness as a trust banking group such as housing wills, where we provide simple wills from mortgage customers free of charge.
- ◆ Please turn to page 26.

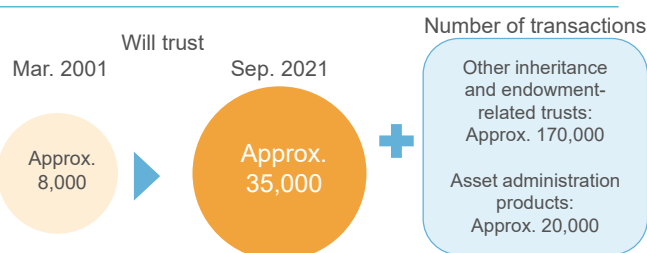
(3) Solutions for individual clients ~Business growth in a super-aging society~

- Significant business opportunities for SuMi TRUST Group as a provider of safe and secure services to increasing number of seniors in a super-aging society
- Business growth from increased inheritances and multiple product offerings

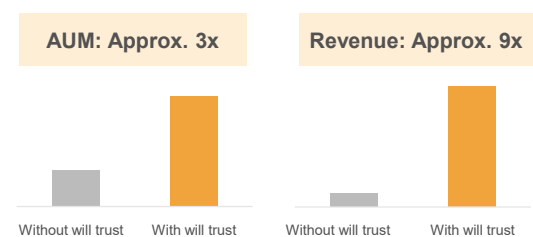
Our business growth potential from increase in client needs by seniors due to longer life expectancies



Increase in number of entrusted will trusts



Derived impact of entrusted will trusts



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SUMITOMO MITSUI TRUST HOLDINGS

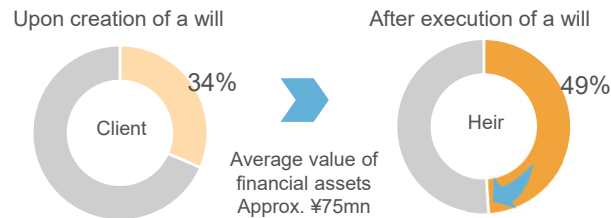
- ◆ Although the super-aging society generally contributes negatively to corporate growth, it is a great business opportunity for us, in providing "safe" and "secure" services.
- ◆ As the population ages, demand for inheritance and other services will steadily increase.
- ◆ As shown in the graph on the lower right, our assets under administration and profit opportunities with customers who have signed up for will trusts have increased significantly.
- ◆ Please turn to page 27.

(3) Solutions for individual clients ~Enhancing business through generation cycle~

- Transactions with the next generation after inheritances are increased. Consulting services with the next generation, offering various forms of asset inheritance
- Promote revisions of asset management products or digital technology utilization for streamlining of inheritance operation

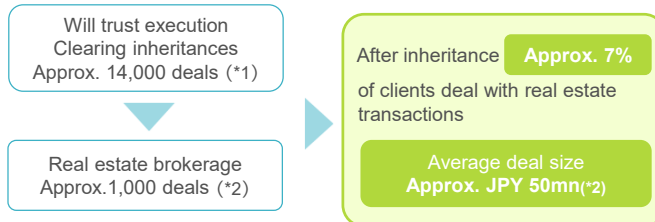
Expanding transactions with next-generation clients through inheritance services

Percentage of financial assets entrusted to the Group



Real estate needs starting from inheritance transaction

Example sequence in SuMiTB



(*1) Number of cases will execution or clearing of inheritances has been completed since Apr. 2017
(*2) in (*1), real estate brokerage transaction (number of decedent as base) from Apr. 2018 to Sep, 2021

Revision of 100-Year Passport product (100-Year Passport+)

Cancellation options depending on health

	Fund wrap only	Fund wrap & 100-Year Passport+
When healthy	○	○
With dementia	Freeze	○(*3)
Upon inheritance	Freeze	○(*4)

Assets need to be closed out (liquidated) at an earlier time

Long-term management is possible because assets can be liquidated

Utilizing digital technology in preparation for increased inheritance operations

Digital technology

Cutting admin costs by simplifying procedures and shortening processing time with digital technology

Digital tools for checking assets
(information sharing between financial institutions)



Automated creation of heir relationship diagrams with AI-based OCR



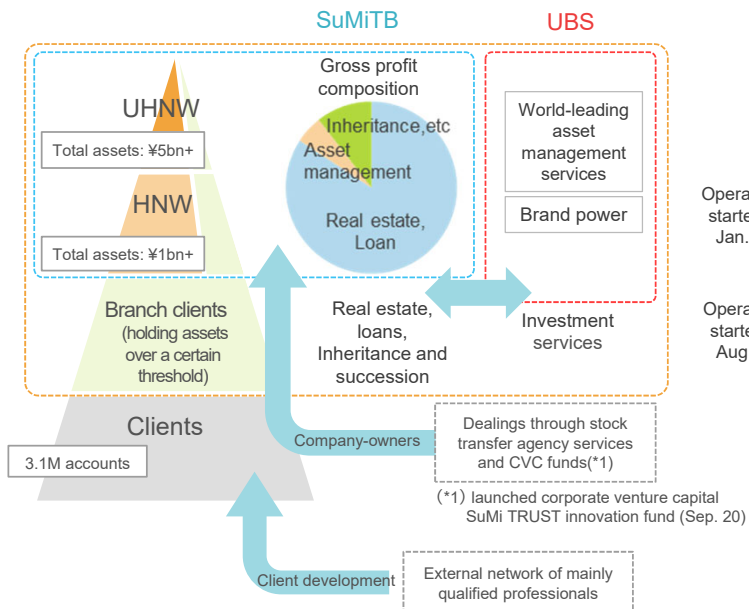
*3 Cancellations can be made by the person authorized to handle procedures on behalf of the client
*4 Inheritance procedures not required up to JPY 5mn (reimbursed to nominated recipient)

- ◆ Asset management in preparation for inheritance and dementia is an opportunity to expand transactions not only with senior customers but also with the next generation.
- ◆ As you can see on the upper left, after inheritance, the amount of assets entrusted from the heirs increases.
- ◆ Inheritance is also an opportunity for real estate transactions, and after inheritance, an average real estate brokerage transaction of about 50 million yen is concluded with about 7% of our clients.
- ◆ Please turn to page 28

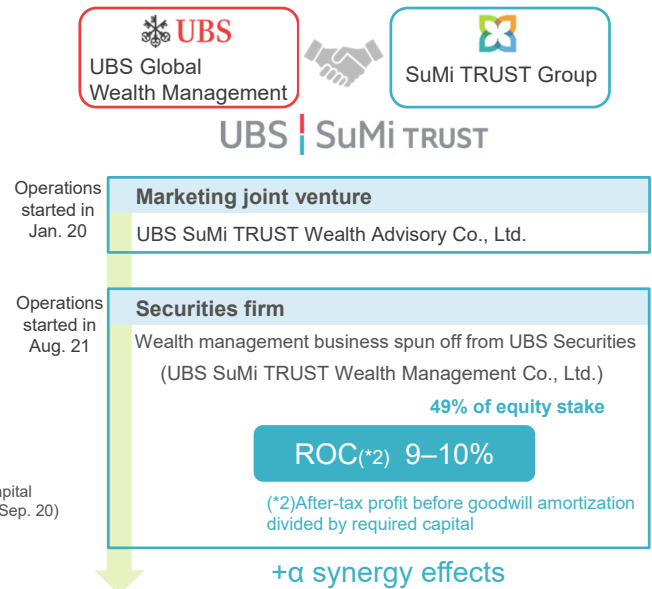
(3) Solutions for individuals ~Wealth management~

- Fusing the SuMi TRUST Group's strengths in mainly real estate, inheritance and asset succession with the world-leading asset management and securities services of the UBS Group
- With a 49% equity stake in UBS SuMi TRUST Wealth Management Co., Ltd., we expect ROC of 9%–10% before goodwill amortization

Business strategy (wealth management)



UBS SuMi TRUST Wealth Management

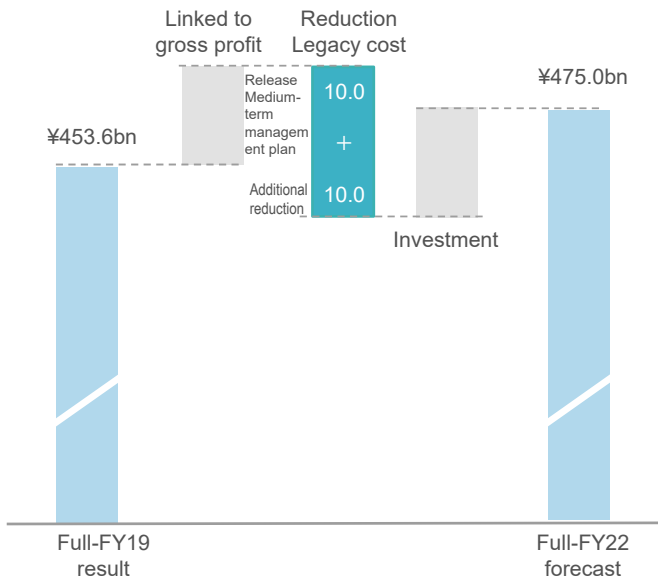


- ◆ In August of this year, we established UBS SuMi TRUST Wealth Management Co., Ltd.
- ◆ By combining the UBS Group, which has one of the world's leading asset management and securities services functions, with our Group, which has real estate and inheritance functions, we will be able to develop high value-added wealth management business.
- ◆ Due to contractual restrictions, we are unable to provide specific figures, but we expect to realize high investment efficiency with ROC of 9–10% for the existing business alone.
- ◆ Please turn to page 29.

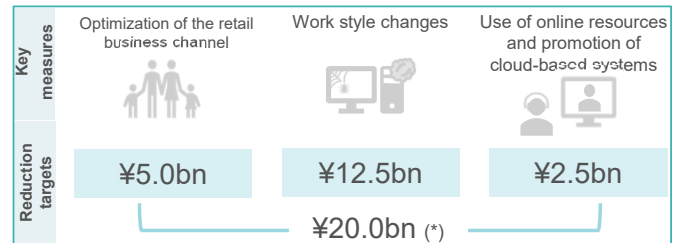
Streamlining and cost reduction ~Cost reduction measures~

- Advancing cost structure reforms through FY22 in efforts to reduce costs by ¥20bn
- Cost structure reforms are progressing as planned
 - the targets in the final year of the Medium-Term Management Plan is on the horizon

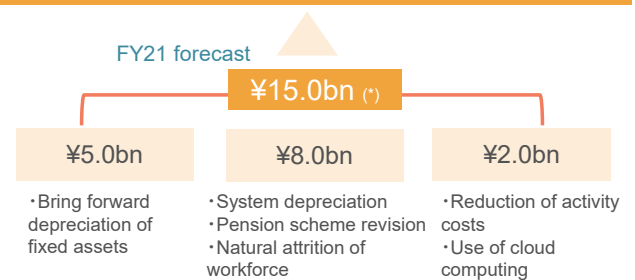
Overview of cost structure reforms



Steady progress on key measures



On track to achieve targets in the final year of the Medium-Term Management Plan



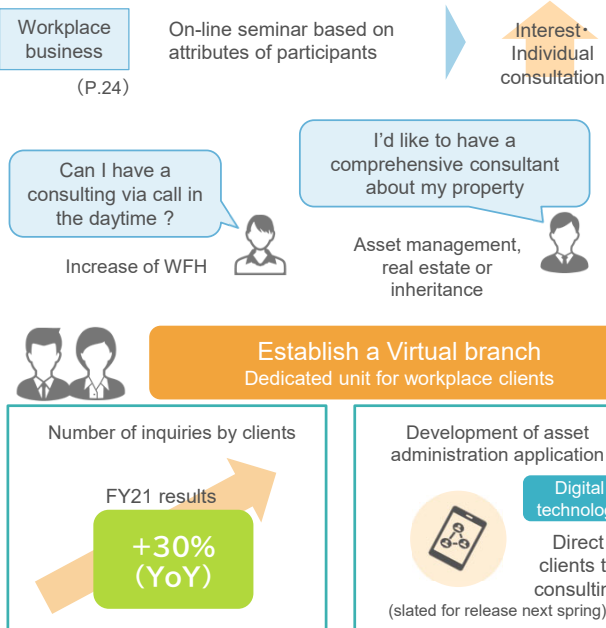
(*) vs. FY19

- ◆ Next, I would like to talk about our cost reduction efforts.
- ◆ Regarding legacy costs, which were planned to be reduced by 10 billion yen in the current medium-term management plan when the plan was made, we increased the amount of reduction to 20 billion yen by reviewing work styles and business infrastructure. At present, we are on track to reduce 15 billion yen of these costs.
- ◆ We will continue our efforts to further improve efficiency.
- ◆ Please continue to page 31.

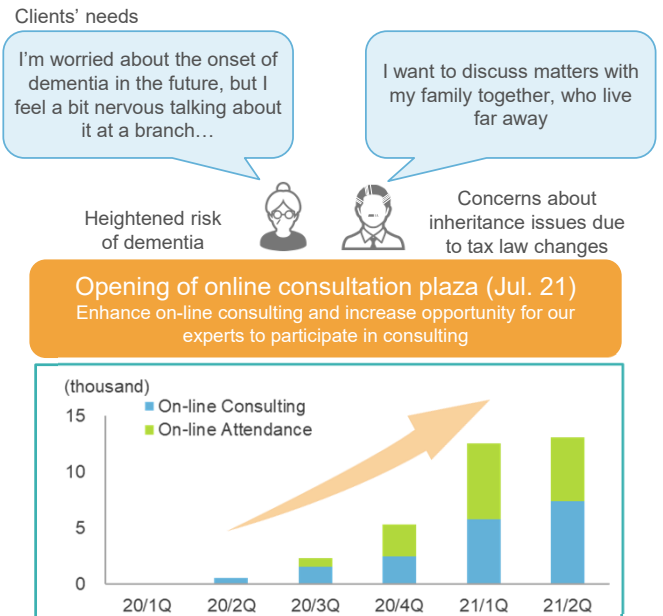
Streamlining and cost reduction ~Optimization of retail business channel~

- Pursue consulting business as our strength and aim to improve efficiency taking needs of clients into account

Virtual branch for clients in asset formation generation



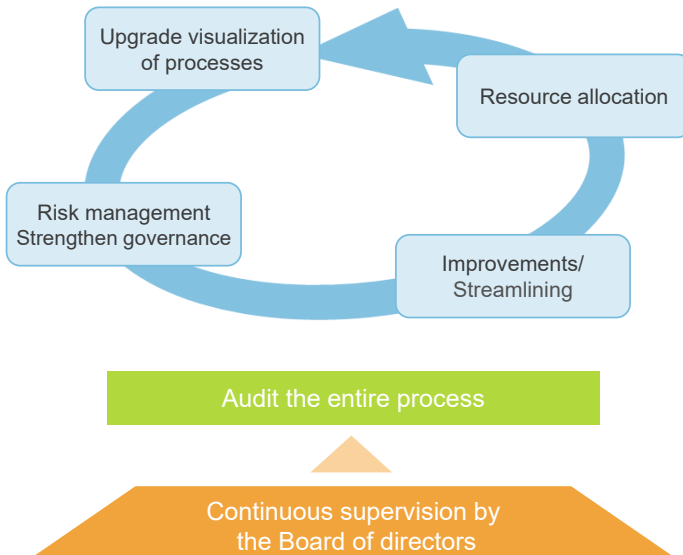
Online consultations for inheritance and asset administration



Enhancement and Sophistication of business operational quality

- As a trust banking group, our top priority is to enhance and improve the quality of operations
- Improved operation for the tallying of voting rights exercise forms

Autonomous improvement of operational processes



Initiatives for improving inappropriate handling of voting rights exercise forms

Completed reforms in operations for the tallying of voting rights exercise forms

- (1) Changed receipt method from delivery from post office to setting up a post-office box at post office
- (2) Increased system infrastructure and improved system functions
- (3) Increased number of personnel working on tallying



Preventive measures

The Group

- ✓ Strengthening the framework for legal compliance etc.
- ✓ Improving management of external parties
- ✓ Reinforcing the internal audit system
- ✓ Further heightening awareness of fiduciary duties



Stock transfer agency services business

- ✓ Strengthening organizational and management systems
- ✓ Raising awareness of talent development and compliance

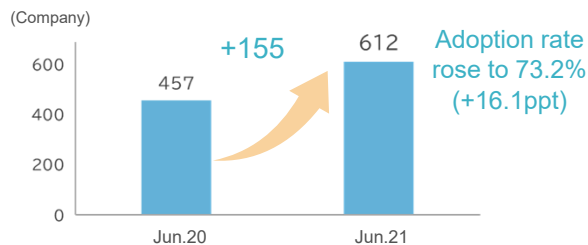
- ◆ With regard to enhancing and sophisticating the quality of operations, we are working on issues of the highest priority, ranging from fostering employee awareness to reviewing work flow and operational systems.
- ◆ Please refer to page 32 for information on our efforts to promote the use of electronic voting.

Enhancement and improvement of operational quality~ Promoting electronic exercise of voting rights~

- Results of efforts to promote the electronic exercise of voting rights among mainly individual shareholders are steadily materializing
- Supporting the further use of electronic exercise of voting rights by institutional investors as well

Adoption of electronic voting

[Companies with shareholders' general meetings in June]*1



*1 Companies that hold their shareholders' general meetings in June to whom SuMITB provides stock transfer agency services

Promoting electronic voting among institutional investors

Reexamination of industry practices by the Trust Companies Association of Japan

The consent of asset owners will no longer be required when an asset management firm exercises voting rights via an electronic platform

Amendments on CGC (June 2021)

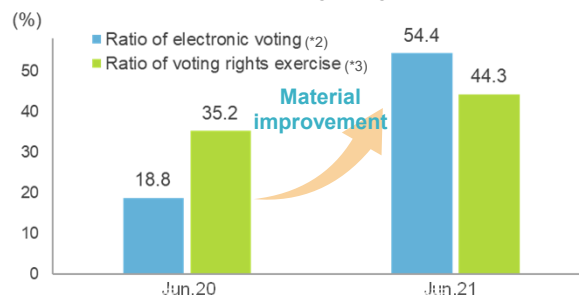
"...companies listed on the Prime Market should make the Electronic Voting Platform available..."

Promoting electronic voting of individual shareholders

Introduced a gift program for Individual shareholders that have higher percentage of exercising voting rights in writing if they used the electronic Smart Voting service



[401 companies participated in the gift program]



(*2) Percentage of shareholders that exercised their voting rights electronically

(*3) Percentage of shareholders with voting rights that exercised their voting rights

◆ Next, I would like to talk about capital policy, please go to page 35.

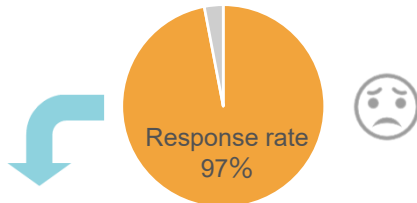
Enhancement and sophistication of operational quality ~Fostering risk awareness/ Digitalization~

- Proactively pick up areas of concerns and findings from employees in charge of operations on ground-raise risk sensitivity and address issues promptly
- Utilize advanced technologies for both auditing and operational efficiency purposes

Pick up on-site awareness to foster a culture of risk awareness

Employees* identify "operations of concern" noted by individuals appointed to the specific operation

Conducted a questionnaire targeting about 10,000 staff



Since 2HFY21, Managers and employees in charge of operations have been engaging in dialogue



Prioritize and eliminate important anxieties



*Under Team leader

Visualization and improvement with use of cutting-edge technology (AI, etc.)

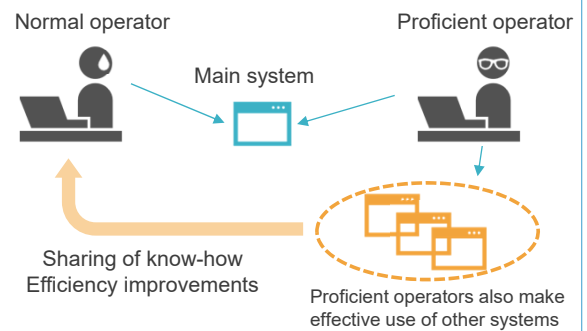
Digital

Detection of malpractice or operational errors



Improving processes with log and data analysis

Example of visualization and analysis with use of process mining

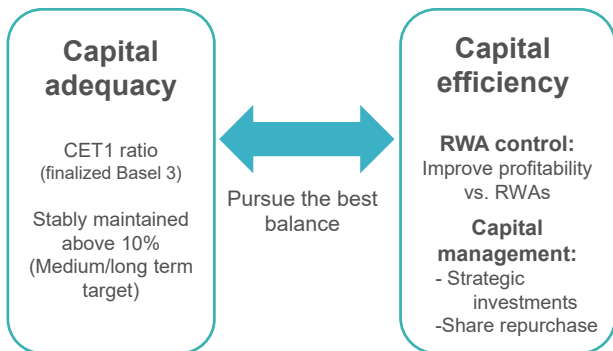


◆ Capital policy P.35～
◆ RWA control P.36～
◆ Shareholder returns P.40～

Capital policy

- Have an acceptable level of capital sufficiency and entering the phase of capital utilization
- Enhance strategies to pursue efficiency and control of RWA including reduction of strategic shareholdings

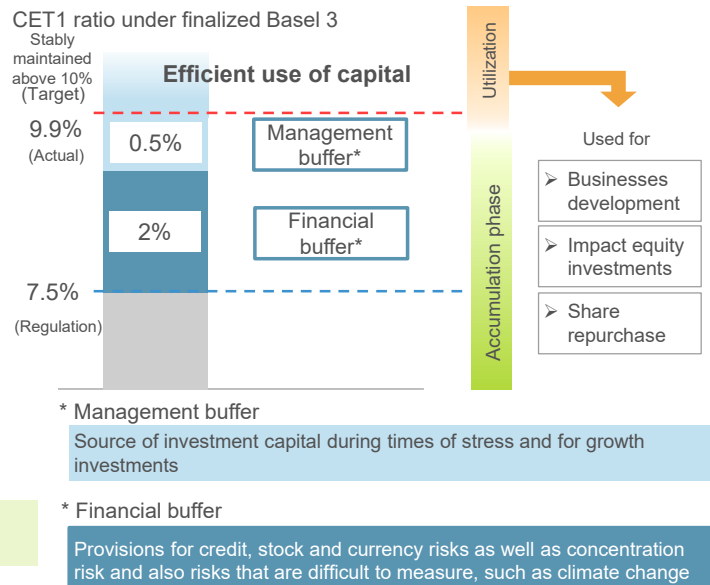
Our thoughts on capital policy



Dividends

- Positioned as a flow method to return profits to shareholders
- Targeting sustained dividend growth in line with profit growth

Capital sufficiency and utilization



* Reviewed depending on internal/external environments and risk conditions

- ◆ As of the end of September, our CET1 ratio on a Basel 3 finalized basis was 9.9%, which is almost close to our target of maintaining a stably above 10% ratio.
- ◆ In addition, given the growth of the business that is typical of a trust banking group and the prospect of strategic shareholdings reduction, we can say that we have almost reached the point of capital accumulation with which we are comfortable.
- ◆ In order to improve ROE, we plan to use capital for investments that contribute to business growth in a trust related business, equity investments that help solve social issues, and share buybacks.
- ◆ Please skip one page and turn to page 37.

RWA Control ~Initiatives to reduce strategic shareholdings~

- New policy: In principle, we shall not hold any “Strategic shareholdings as a conventional stable shareholder” (announced May 2021)

Building a virtuous circulation as a trust banking group

Circulation of funds, assets, and capital through asset management and asset administration services



Enhancing corporate value with the provision of solutions for corporate clients

Initiatives in line with new policy

(1) Policy on dialogue with corporate clients whom SuMi TRUST Group is a strategic shareholder

Status of dialogue with corporate clients whom SuMi TRUST Group is a strategic shareholder

See P37

Provide solutions to new challenges of clients, including climate change and decarbonization

See P12

(2) Policy regarding the exercise of voting rights regarding our strategic shareholdings

Announced at 1H FY21 results (Nov. 11, 2021)

See P56

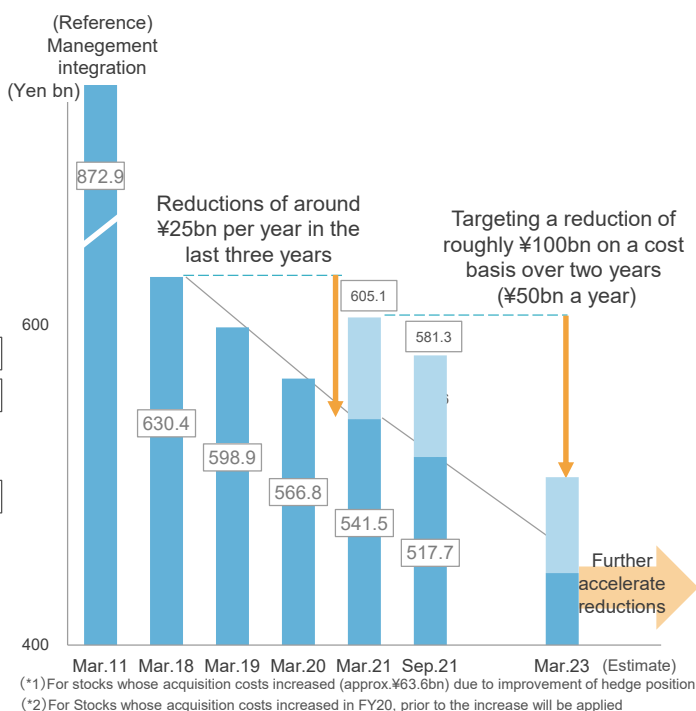
Slated for adoption from June 2022 and beyond annual general meetings

(3) Pace of our strategic shareholding reduction

Aim to reduce strategic shareholdings by ¥100bn at cost basis (or around ¥250bn based on market value) over the next two years

See right chart

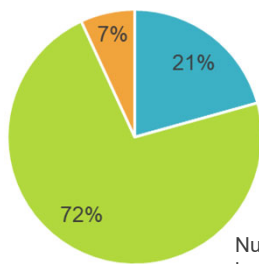
Step up oversight of activities by our Board (state of dialogue with clients, progress on reductions)



RWA Control ~Reduction of strategic shareholdings~

- Steady progress in dialogue with clients, based on our new policy regarding strategic shareholdings
- Reduced ¥22.3 bn at cost in 1HFY21. Amount sold/to be sold reached approx. 45% of the two-year guideline

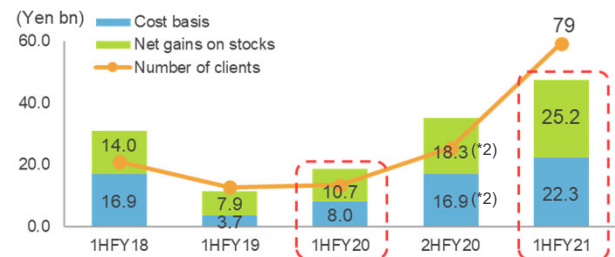
Dialogue with clients



- Started dialogue regarding schedule for sale
- Gained understanding on our policy and continuing dialogue
- Dialogue on sale currently on hold

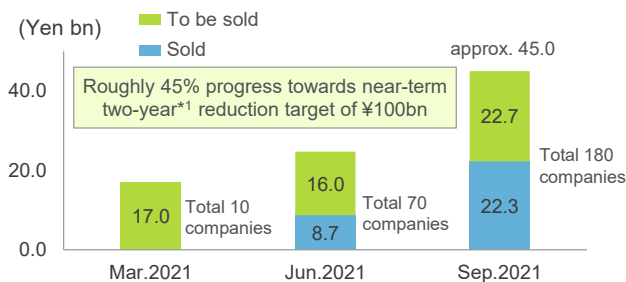
Number of client companies in which we have strategic shareholdings: 870→822 (reduced 48 companies in 1H FY21)

Reduction (consolidated basis)



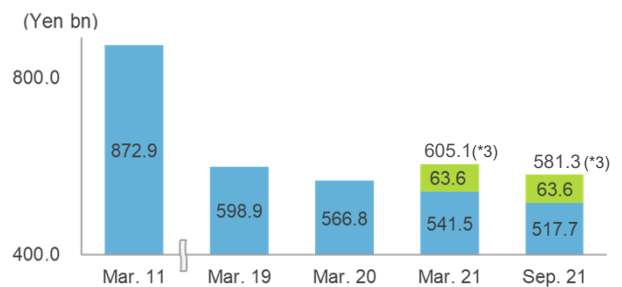
(*)2 Excluding sold and repurchased shares in FY20/4Q

Amount sold/ to be sold (cost basis) (consolidated basis)



(*)1 From Apr. 21 to Mar. 23

Cost basis balance of strategic shareholdings (consolidated basis)



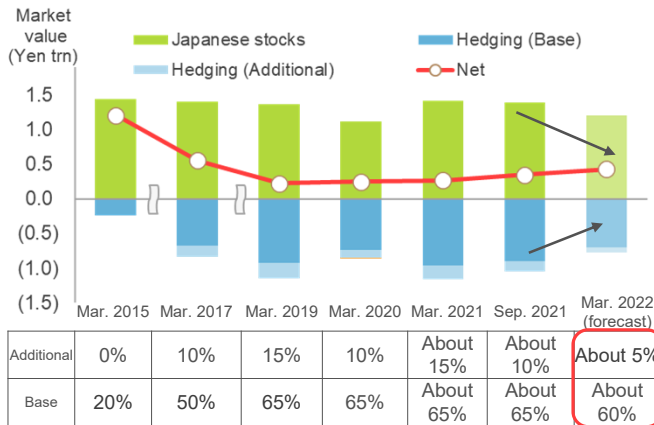
(*)3 Including ¥63.6bn (at cost) of sold and repurchased shares in FY20/4Q

- ◆ This is the status of the reduction of strategic shareholdings.
- ◆ As shown in the pie chart, we have been able to discuss a specific schedule for the sale of their shares with more than 20% of our client companies by continuing to engage in careful dialogue with them.
- ◆ We are already on track to achieve our reduction target of 100 billion yen by the end of March 2023, which is approximately 45 billion yen.
- ◆ We will continue to promote dialogue to gain clients' understanding.
- ◆ Please turn to page 38.

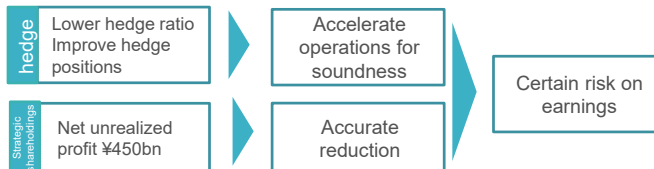
Hedging transactions of strategic shareholdings

- On track to sound hedging portfolio by divesting transactions(bear-type investment trust) with high valuation loss ratio
- Reduce hedging portfolio in line with divestment of strategic shareholdings

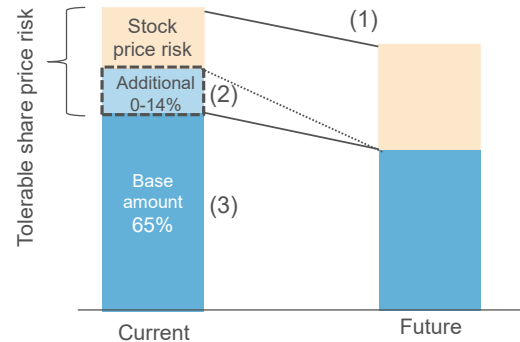
Stock price fluctuation risk managed through hedging



2H FY21



Reduction of hedging as cash equities decrease due to accelerated reduction



- (1) Reduction in gross stock price risk in line with policy on reducing strategic shareholdings

Certain level of share price risk tolerated against capital level

- (2) Additional amount will be reduced to zero by Mar.2023

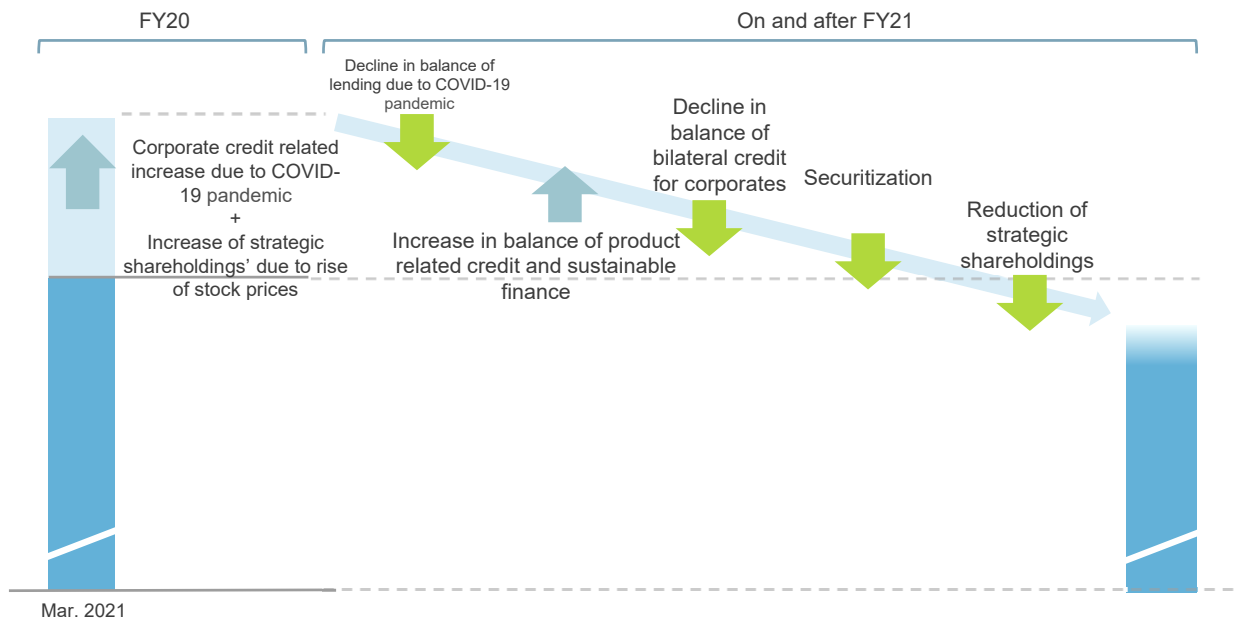
- Base amount will be reduced by roughly the same amount of reduced strategic shareholdings (specific hedge ratio (currently 65%) will no longer be set)

- Our basic approach is to avoid carrying over as much as possible the risk of impairment from hedging transactions, which have a high valuation loss ratio, to fiscal year 2022.
- As I mentioned at the beginning of this presentation, we have deferred forecast for the second half of the fiscal year, but the net valuation from both cash equities and hedging transactions is positive, approximately 450 billion yen.
- And we hope to minimize the impact from divestment of hedging transactions on net income by accumulating realized gains through accelerated sales of strategic shareholdings.
- As mentioned on the right, as we accelerate the divestment of strategic shareholdings, we will also accelerate the reduction of both stocks and hedges at the same time, except for a certain amount of exposure to stock price risk that we can tolerate in relation to capital.
- Please turn to page 39.

RWA control ~Credit portfolio management~

- Endeavoring to improve capital efficiency by reallocating our credit portfolio and securitization of mortgages in light of finalized Basel standards

Measures for improving capital efficiency of credit portfolio



- ◆ This is an initiative for the credit portfolio.
- ◆ We will assume the challenge of improving profitability and capital efficiency by raising the weighting of product related credit and securitizing mortgage loans, including subordinated portions.
- ◆ Next, please turn to page 40.

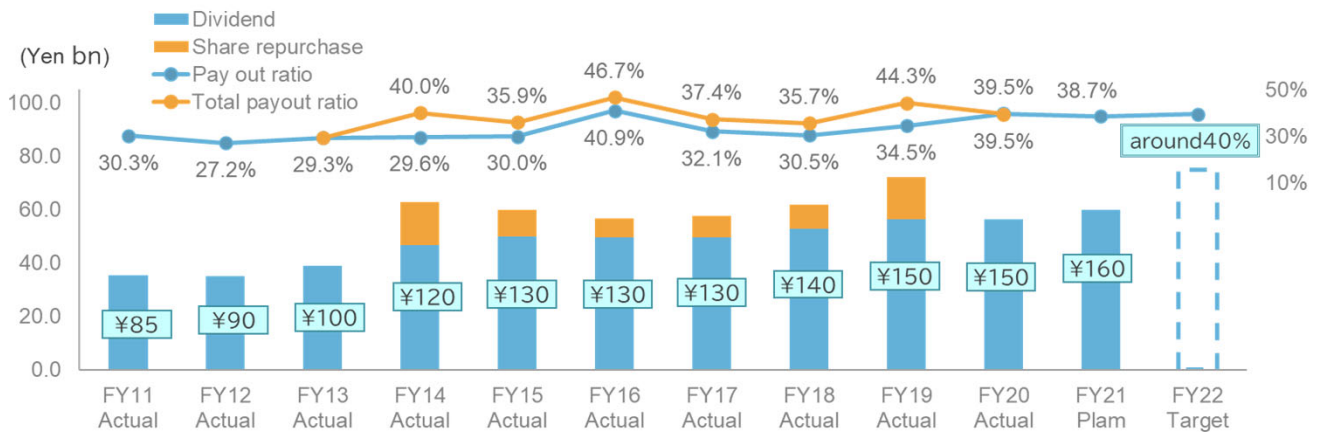
Shareholder returns

- Around 40% of dividend payout ratio for FY21
- Strengthen dividend return in line with sustainable growth of businesses. Dividend per common share forecast ¥160, increase by ¥10 YoY in FY21

Shareholder return policy

- As a means of returning shareholder's profits commensurate with earnings, aim to raise consolidated dividend payout ratio to around 40% in or around FY22.
- May repurchase its own shares flexibly by considering the balance with investment in profit growth opportunities for its mid- to long term perspective, and the effect of the repurchase on the improvement of capital efficiency, given securing adequate capital level

Shareholder returns



- ◆ This is about shareholder returns.
- ◆ For fiscal year 2021, we have already increased dividend by 10 yen compared to the previous fiscal year.
- ◆ Depending on future revisions to our earnings forecast, we will consider further revisions in line with our policy of aiming for a consolidated dividend payout ratio of 40% for this fiscal year.
- ◆ Next, I would like to talk about our sustainability initiatives.
- ◆ Please turn to page 42.

(3) Initiatives for sustainability

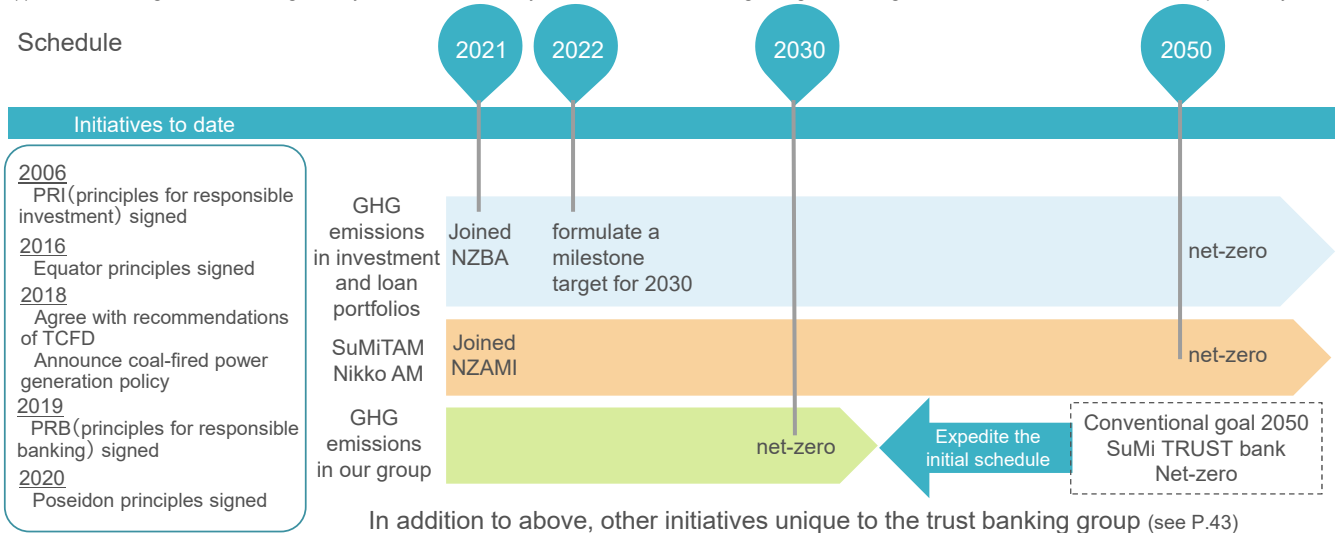
Climate change ~Carbon Neutral Commitment~

Carbon Neutral Commitment

- (1) Contribute to achieving carbon neutrality in society by leveraging the trust banking group's wide-range and flexible functions
- (2) Target net-zero GHG emissions in investment and loan portfolios by 2050
To achieve net-zero emissions by 2050, a milestone target for 2030 will be formulated in FY2022 in line with the framework of the NZBA (*)
- (3) Achieve net-zero GHG emissions in the SuMi TRUST Group by 2030

(*)Net Zero Banking Alliance: Banking industry alliance established by UNEPFI with a net zero target for greenhouse gas emissions in the investment and loan portfolio by 2050

Schedule



In addition to above, other initiatives unique to the trust banking group (see P.43)

- ◆ In the Carbon Neutral Commitment released last month, we committed to achieve net zero greenhouse gas emissions from our investment and loan portfolios by 2050, and net zero greenhouse gas emissions from the Group by 2030.
- ◆ In addition to this, as described on page 43, we are also promoting initiatives to address climate change by leveraging the diverse functions of the trust banking group.

Climate change ~ SuMi TRUST Group initiatives ~

- Tackling climate change issues by harnessing the wide-ranging functions as a trust banking group

Participation in initiatives in Japan and overseas



Initiatives in banking business

- ✓ **Promotion of ESG finance**
Contributing to regional revitalization and improvement in the value of regional corporations to work on local ESG issues through partnerships with regional financial institutions and local governments
- ✓ **Promoting impact solution businesses**
Analyzing and evaluating the impact of corporate clients' activities on the environment, society, and the economy, and supporting the achievement of the SDGs
 - Extended the world's first positive-impact loan in 2019
 - Track record of 20 loans so far (the most of any Japanese bank)
- ✓ **Supporting the deployment of technology in society with technology-based finance**

Initiatives in asset management business

- ✓ Both of the Group's asset management firms participate in NZAMI*
Pursuing net-zero GHG emissions in investment portfolios by 2050
*Net Zero Asset Managers Initiative



- ✓ Active participation in joint engagement with 100 global corporations on the topic of climate change



Engaging with companies

Palm oil producer Wilmar



Three major Japanese manufacturers



Initiatives for assets under administration (real estate)

- ✓ Help popularize environmentally friendly property (certification assistance, switching to renewable energy, energy-saving consulting)
- ✓ Supporting net-zero GHG emissions at properties entrusted to the Group (total value JPY 20trn, the highest in Japan)

- ◆ Specifically, both Sumitomo Mitsui Trust Asset Management and Nikko Asset Management have decided to participate in the Net Zero Asset Managers Initiative.
- ◆ We are also working to support the net zeroing of real estate under our asset under custody and administration.
- ◆ Please turn to page 44.

Natural capital ~SuMi TRUST Group initiatives~

- Continue to undertake activities aimed at conserving biodiversity, such as environmental education or National Trusts
- Sumitomo Mitsui Trust Asset Management (SMTAM) has joined the working group of the TNFD
- Forestry trusts can contribute to society by fusing the power of trust and the latest digital technology (Bestowed METI Minister's Award)

Biodiversity

Environmental education



Naganuma town, Hokkaido Pref.
Environmental studies about creating habitats for the red-crowned crane



Tenjinzaki cape, Wakayama Pref.
Nature and biodiversity studies

Supporting National Trusts

Conserve endangered species of animals that only inhabit Tsushima Island in Nagasaki Prefecture through a social contribution donation program (donation trust)



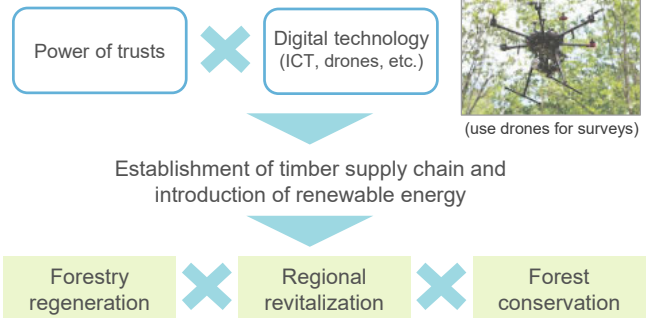
Participation in TNFD(*)

The TNFD was unofficially launched in July 2020 and then officially in June 2021. SMTAM was the only Japanese financial institution to participate as an unofficial working group member.

(*) Taskforce on Nature-Related Financial Disclosures

Forestry trusts

August 2020: Entrustment of forest in Nishiawakura village in Okayama Prefecture



(use drones for surveys)

Platinum Society Network

METI Minister's Award

Forestry Trusts awarded the highest Grand Prize at the 9th Annual Platinum Vision Awards hosted by the Platinum Society Network

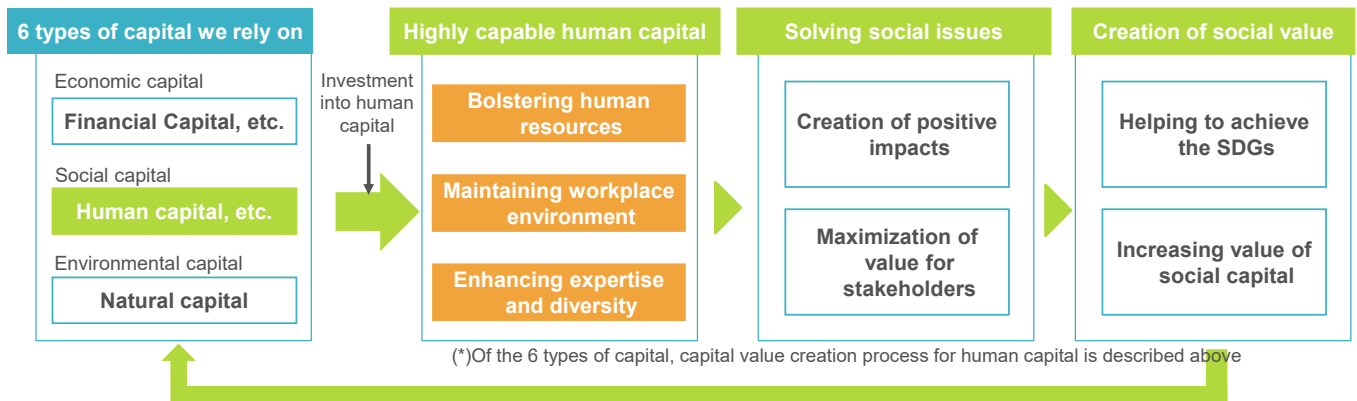
- ◆ In addition to climate change, we are also working on natural capital.
- ◆ The "Forest Trust," shown on the right, was awarded the Minister of Economy, Trade and Industry Prize in October of this year for its productiveness, which combines the flexibility of a trust that can be entrusted with anything and digital technology.
- ◆ Finally, I would like to talk about human capital, so please turn to page 46.

(4) Initiatives for human capital

Human capital investments

- Consider employees to be one of the key capitals (human capital) at the source of value creation for the group
- Aim to advance human capital by working to bolster human resources, maintain workplace environment and enhance expertise and diversity

Value creation process (*)



Specific measures

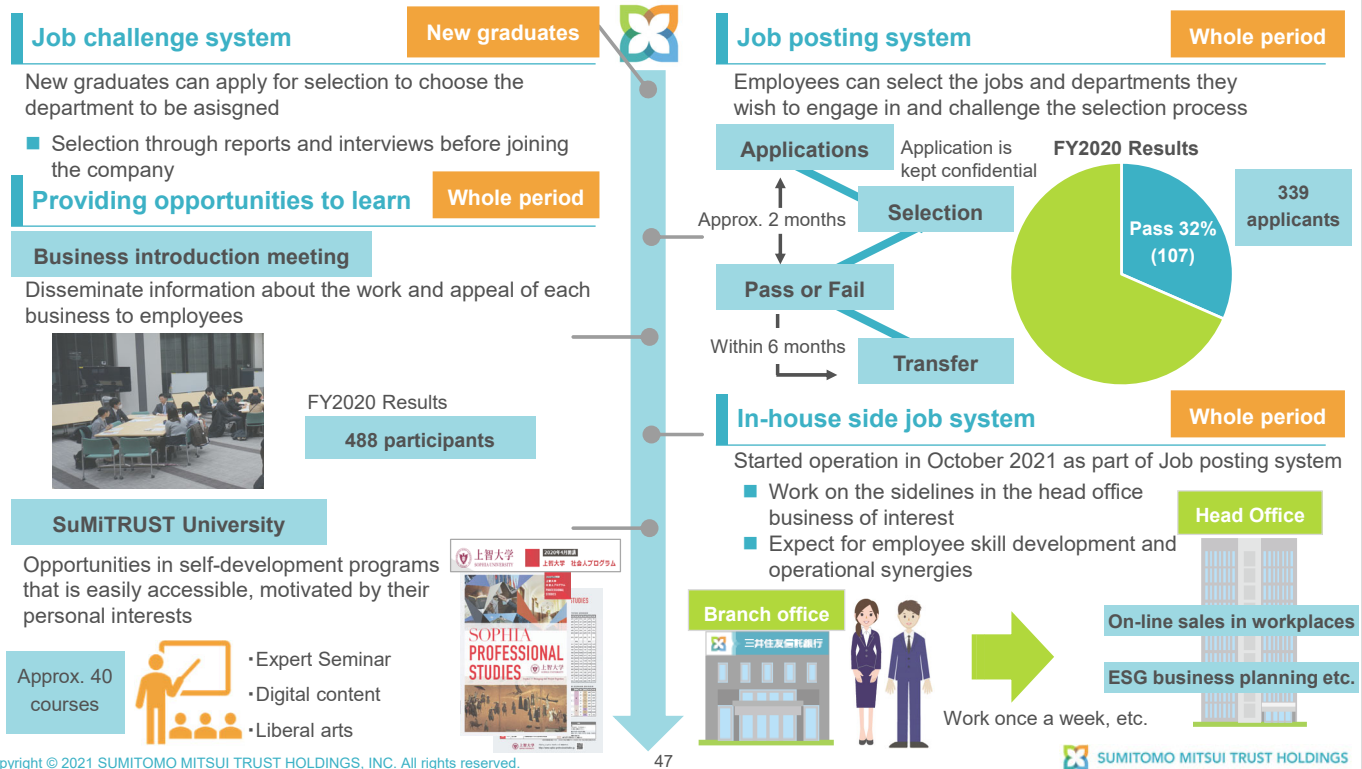


- ◆ First, as an overall image, the circulation process of value creation driven by the Group's investment in human capital is shown in the upper row.
- ◆ As a financial institution whose strength lies in specialization and diversity, we are constantly reviewing and improving our management so that we can support the career development and skills development of each employee with respect for their individuality and uniqueness.
- ◆ Please turn to page 47.

Human capital ~Support choosing and developing any career~

(Examples of SuMi TRUST Bank)

- Provide opportunities for employees to plan and select their career design and skill development



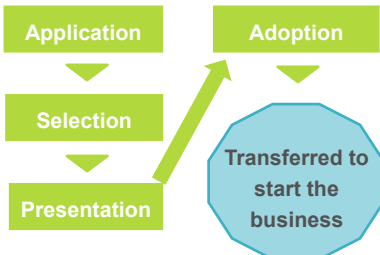
- ◆ Regarding the first point, strengthening human resources, we have established many systems that allow employees to choose their own career and skill development plans and take on challenges.
- ◆ By allowing each employee to flexibly choose the career he or she wants to pursue and the skills and knowledge they want to acquire in accordance with their life plan, we believe that employee motivation and loyalty will increase, which in turn will lead to improvement of the organizational culture and corporate productivity.
- ◆ Please turn to page 48.

Human capital ~ A corporate culture of openness and trust ~

- Open corporate culture in which employees' thought and ideas are actively listened and conveyed to management

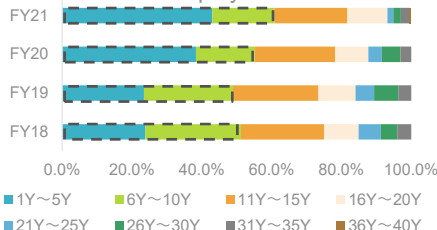
Future festival (New business ideas contest)

All employees can propose their own business ideas to management



Increase in application from the younger and new employees

Number of applicants by years of employment



A scene of the presentation

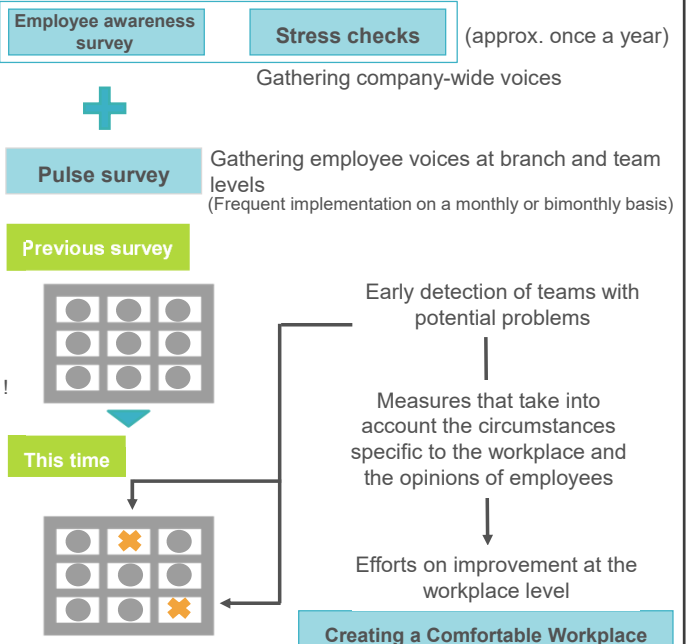


Prize-winning product won Good Design Award in 2021!



GOOD DESIGN AWARD Received in 2021

Gathering employee voices through Surveys



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SUMITOMO MITSUI TRUST HOLDINGS

- ◆ The second point is to improve the work environment.
- ◆ Smooth, two-way communication improves the atmosphere of the workplace and at the same time increases the motivation and psychological safety of employees.
- ◆ For example, in the Future Festival initiative, which encourages employees to propose their own business ideas to management, the "Solitude Trust (a trust service for single old age)," a project based on an idea conceived by an employee, won the Good Design Award this year.
- ◆ Recently, we have seen an increase in the number of applications from younger staff, which we see as a good sign.
- ◆ Please continue to page 49.

Human Capital ~Specialist and Diverse Human Resources~

- Building a human resources portfolio with expertise and diversity unique to a trust banking group

Enhance specialist portfolio in response to needs

Outstanding specialists portfolio

Licensed real estate appraiser^(*)
175
employees
Sep.21, SuMiHD

Pension actuaries
45
employees
Sep.21, SuMiTB

In-house lawyer
31
employees
Sep.21, SuMiTB

(*)total of licensed real estate appraiser and real estate appraisal assistant



Technological innovation and Climate change

TBF team
7
employees
Nov.21, SuMiTB

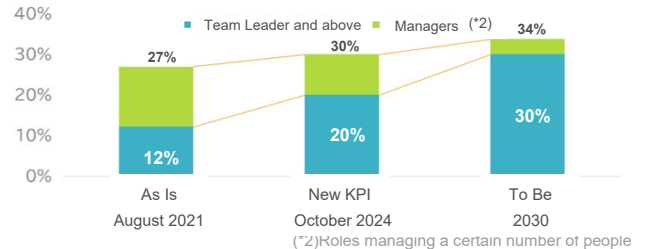
Fusion of specialized technology and finance

Providing future financial services

(See specific case P14, members P50)

Active participation of women in decision-making

Renewed KPIs of female employees' career development by working backwards from future goals (SuMiTB)

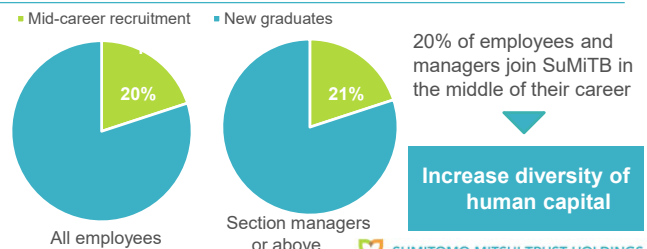


Executive Support (Oct. 2021~)

Corporate executives to support female candidates in their career planning to accelerate development of female managers capable of management-level decision making

Diverse career background

(SuMiTB)



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- ◆ We are also refining our expertise and specialization to take advantage of the strengths of the trust bank group.
- ◆ For example, SuMi TRUST Bank has 31 licensed legal professionals, so-called in-house lawyers, and according to the Japan In-house Lawyers Association (JILA), this number is the second largest in Japan as of June this year.
- ◆ We are also working on to diversify our human capital.
- ◆ To increase opportunities for women to participate in decision-making, we have not only reviewed our KPIs but also started a system in which all managing directors provide one-on-one support to female managers.
- ◆ Although I have made a hasty explanation, I feel that we are now capable of earning a solid Net business profit through the steady implementation of the Group's business strategies.
- ◆ We will continue to provide solutions that are unique to the trust banking group to meet the needs of society and our customers, and at the same time, we will meet the expectations of the market and investors by achieving capital-light, high-ROE management.
- ◆ Thank you very much for your kind attention today.

(Reference) TBF Team Profile

- Utilize our network and knowledge at the team to take the lead in promoting the social implementation of superior technology.








Finance for Social Implementation

Unique capacity from combination of deep knowledge as specialist (each member)



creative ideas through discussion (team)

Sustainability Management Department Technology-based Finance(TBF) Team

	 Team Management	 High-level integration with finance	 Energy system Engineering	 Energy device Engineering	 Materials Engineering	 System Integration Engineering	 Environment Engineering
①	Master of Engineering	Ph.D.	Ph.D.	Ph.D.	Ph.D.	Master of Engineering	Ph.D.
②	Environmental Management	Life science /Finance	Hydrogen・Fuel cell	All solid Li-air battery	Inorganic materials and processes	Power Grid System, Tele-communications	Environment, fuel
③	Environmental-related consulting at audit firm	Engaged in drug discovery research at a national research institute, new business development at a private company, and investment business at a VC firm.	Energy system related researcher at energy company	EMS battery pack, battery exhaust gas treatment system R&D	Engineer of general electric manufacturer	Power grid telecontrol system engineer	Fuel R&D, chemicals related business development

①Academic credential ②Expertise ③Career experience

(5) Medium-Term Management Plan

Medium-Term Management Plan (Ref.)

- The 3 years positioned as a period for expanding the business foundation for materializing the next leap into a sustainable / stable growth

The role our Group should play and what we aim for

<Purpose>

Creating new value with the power of trusts and let prosperous future for our clients and society bloom

Themes to be addressed proactively as social challenges

Individual clients



Asset administration suited for Japan's aging society and asset formation of individuals

Corporate clients



Sustainable growth of the Japanese economy and corporations (addressing both financial and non-financial issues)

Investor clients



Diverse range of investment opportunities and development of the investment Chain

To contribute to the sustainable development of society

Three basic strategies for “balanced creation of both social value and economic value”

(1) Strengthening our business portfolio

Strengthen the foundation for a sustainable / stable growth

Strengthen the business foundation

Establish new growth areas

Strategic resource mix

(2) Capital strategy

Efficient use of the balance sheet and capital

Improve balance sheet efficiency

Balanced capital adequacy and efficiency

Strengthen shareholder return through dividends

(3) Sophistication of business quality

Power to support business creation / reinforcement

Service quality that maximizes client value

Strengthen group governance

Prudent risk management

Nurture human resources capable of creating added value

KPI (Client base)

		FY19 (Actual)	FY20 (Actual)	FY22 (Target)	Definition of KPI
Client base (Pre-Best Partner)	Individual	0.26M clients	0.27M clients	0.29M clients	To increase the number of clients with whom we have a strong relationship, as a result of which the client chooses us as their "Best Partner"(*1) over the long term, as a precursor, to increase the number of "Pre-Best Partner" client base
	Corporate (*2)	550 firms	620 firms	690 firms	
Responding to society after COVID-19 (individual clients using non-face to face channels (*3))		1.85M clients	1.99M clients	2.38M clients	Corresponding to changes in society and methods of communication due to corona shock, improve convenience for clients and our productivity.

(*1) "Best Partner" is the clients' perspective of our positioning

(*2) Determined benchmarking against FY end. Figures were updated due to definition change.

(*3) Clients using direct banking and Life Guide

Client base(Pre-Best Partner)

By offering both individuals and corporations further added value created by the trust banking group, expand "type of transactions" and "depth and volume of transactions" to strengthen ties with our client base, increasing clients who would value us as their "Best Partner."

Individual clients using non-facing channels

In addition to non-face-to-face transactions using internet banking, strive to strengthen our services as a trust bank to offer telephone banking consultation for clients who have difficulty using the internet and web-based consultation of defined contribution pension plans for asset formation generation clients (company plan members).

Financial target (KPI)

	FY20 (Actual)	FY22 (Target)	(For reference) Medium/Long-term Target	
Net business profit	¥294.7bn	¥290.0bn		
Net income	¥142.1bn	¥190.0bn		
OHR (Overhead ratio)	60.1%	Lower 60% range	Upper 50% range	Promote efficiency despite limited OHR decline based on enhancing fee business
Fee income ratio	52.9%	Upper 50% range	Maintain above 60%	Increase stable fee revenue
Common Equity Tier 1 ratio (*)	9.4%	Mid-range b/w 10-11%	Maintain stable 10% range	Maintain prudent level of capital
Return on equity	5.4%	Around 7%	Around 9%	Aim for self-sustaining improvement of ROE
Dividend payout ratio	39.5%	About 40%		

(*) Pro-forma figure on Finalized Basel III reform basis

Appendix

Our policy of exercise voting rights as for strategic shareholdings

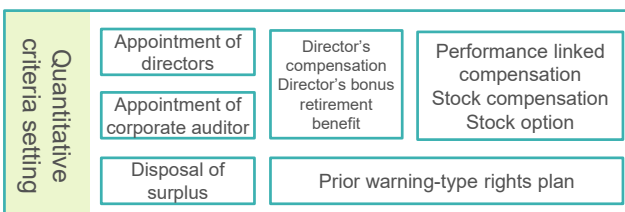
- Announced revised basic policy of corporate governance and exercise of voting rights criteria in accordance with new policy on strategic shareholdings
- Apply new voting right guidelines on general meetings from Jun. 22

Overall schedule



Summary of revised exercise voting rights guidelines

Establish and publish guidelines for exercise voting rights of investee companies



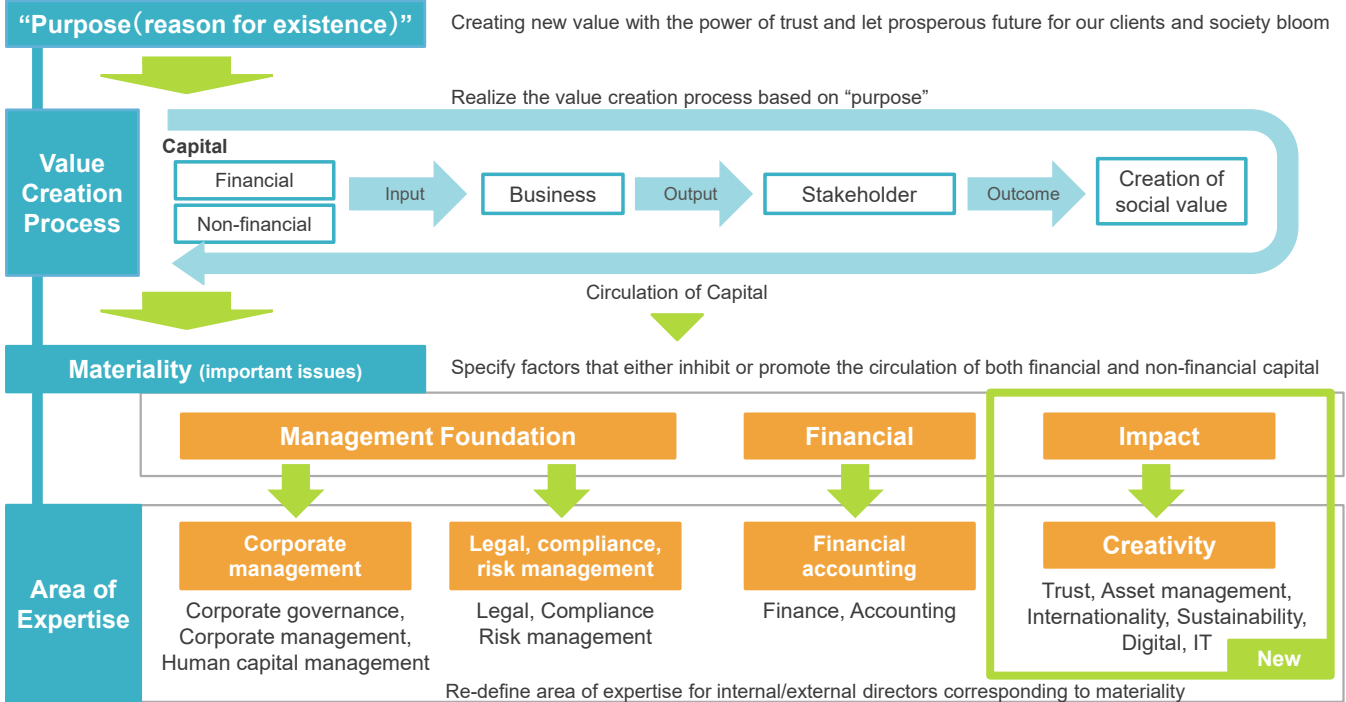
Consideration

Information through relationship and dialogue with investee companies



Governance ~Required expertise for composition of the Board of Directors~

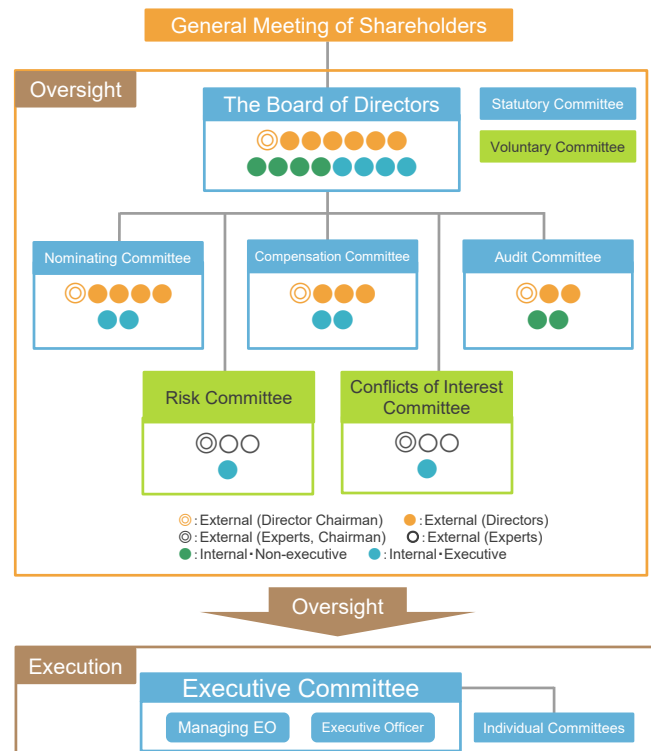
- Define the skills sets of the board of directors based on Materiality as below through discussions at the board meeting
- "Creativity" was newly defined for impact materiality, as an expertise: intelligence and experience related to creation of social value
- Establish the policy to organize the board of directors in a well-balanced and diversified manner as a whole



Governance ~Skill matrix / oversight structure~

Skill matrix for Board members

Name		Area of expertise			
		Corporate Management	Financial accounting	Legal, Risk management, Compliance	Creativity
I n t e r n a l	Toru Takakura	•	–	•	•
	Jiro Araumi	•	–	•	•
	Nobuaki Yamaguchi	•	•	–	•
	Kazuya Oyama	•	•	•	•
	Tetsuo Ohkubo	•	•	•	•
	Masaru Hashimoto	•	•	•	•
	Kuniyuki Shudo	•	–	•	•
	Kouji Tanaka	•	–	•	•
E x t e r n a l	Isao Matsushita	•	•	–	•
	Shinichi Saito	•	•	•	•
	Hiroko Kawamoto	•	–	•	•
	Mitsuhiro Aso	–	–	•	•
	Nobuaki Katoh	•	–	–	•
	Masanori Yanagi	•	–	–	•
	Kaoru Kashima	•	•	•	•



- ✓ The Board of Directors' meeting and other committees to be chaired by External Directors
- ✓ External director % : 47% (7/15)

Efforts of each business segment to improve ROE

Business segment	B/S business	Fee business	Strength as Specialized trust bank		Capital
Retail TS	Residential mortgages	Investment management consulting Inheritance	Total solution services	Alliance strategies	Efficient allocation of capital
Wholesale TS	Corporates Product related	Credit arrangements Securitization/M&A			
Wholesale AM		Investment management consulting AM arrangements			Reduction of strategic shareholdings
Stock transfer agency		Shareholder admin. Various consulting			
Real estate		Brokerage Real estate AM			Utilize M&A
Fiduciary services		Asset management Asset administration			
Asset management business		Asset management			
Global markets	Security investments ALM				

Improve return on capital to boost profitability

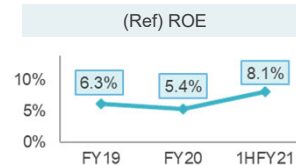
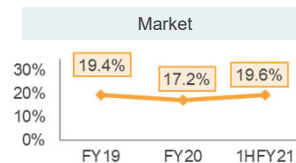
Improve profitability against cost

Profit increase through cross-divisional synergy

Profit increase through effective use of capital / expenses

Effective use of capital

ROE by business segments(*)



(*)ROE by business segment: Managerial accounting basis. Retail clients: Retail TS and SuMi TRUST Realty. Corporate clients: Wholesale TS, Wholesale AM, Stock transfer agency, Real estate (excluding SuMi TRUST Realty) and Fiduciary businesses. Market: Global Markets. Each segment's net business profit divided by current required regulatory capital (Strategic shareholdings, P&L and capital allocated to Head Office functions such as corporate management and other departments excluded from calculation)

(Ref) Financial Results for 1HFY2021

Overview of profits

	(Yen bn)	1HFY20	1HFY21	Change
1 Net business profit before credit costs (*1)		141.0	174.4	33.3
2 Substantial gross business profit (*1)		358.7	400.7	41.9
3 Effective interest related earnings (*2)		136.6	163.8	27.1
4 Net fees and commissions and related profit		179.1	203.2	24.0
5 Other profit (Excluding profit attributable to deployment of surplus foreign currency funds)		42.9	33.7	(9.1)
6 Substantial G&A expenses (*1)		(217.6)	(226.2)	(8.6)
7 Total credit costs		(2.0)	5.1	7.1
8 Net gains on stocks		10.8	(18.0)	(28.8)
9 Other net non-recurring profit		(36.4)	(9.4)	26.9
10 Ordinary profit		113.4	152.0	38.6
11 Extraordinary profit		(0.4)	(0.6)	(0.1)
12 Income before income taxes		112.9	151.4	38.5
13 Total income taxes		(31.8)	(39.9)	(8.1)
14 Income attributable to non-controlling interests		(0.9)	(0.4)	0.5
15 Net income		80.0	111.0	30.9
16 Earnings per share (EPS) (Yen)		213	296	82
17 Number of shares issued (mn shares) (*3)		374.5	374.5	0.0
(Reference)				
18 Net interest income and related profit		119.9	155.6	35.6
19 Other profit		59.6	41.9	(17.7)
20 Profit attributable to deployment of surplus foreign currency funds		16.6	8.1	(8.5)
21 Other		42.9	33.7	(9.1)

(*1) "Net business profit before credit costs", "Substantial gross business profit" and "Substantial G&A expenses" are based on managerial accounting, taking gross income and expenses from affiliates into consideration
 (*2) "Effective interest related earnings" is sum of "Net interest income and related profit" and "Profit attributable to deployment of surplus foreign currency funds", included in "Net gains on foreign exchange transaction"
 (*3) Average number of common shares outstanding (excluding treasury stocks) during the period

Net business profit before credit costs

- YoY increase of +¥33.3bn. (Increased by +¥20bn vs 1HFY19)
- Favorable 62% progress vs original full year forecast of ¥280bn
- Effective interest related earnings increased YoY by ¥27.1bn due to improvement of domestic loan-deposit income and, approx. +¥12bn of profits related to investment in partnership and market-based funding cost reduction
- Net fees and commissions and related profit increased YoY by ¥24bn. Investment management consulting and real estate brokerage business made good progress in 2QFY21. Asset management business also performed well due to steady market condition
- Substantial G&A expenses increased YoY mainly due to expenses linked to increase of Substantial gross business profit at subsidiaries

Total credit costs

- Release of reserves due to the improvement in business conditions of our clients. Posted ¥5.1bn as income

Net gains on stocks

- Steady progress in strategic shareholdings reduction (at cost: approx. ¥22bn)
- Accelerate reduction of hedging transaction and posted approx. ¥45bn of realized loss, which exceeded ¥25bn of realized gain through sale of strategic shareholdings

Other net non-recurring profit

- Increased substantially YoY, mainly due to improvement of net losses on stock related derivatives by approx. ¥11.6bn and, amortization of actuarial net differences by approx. ¥5.5bn

Net income

- Increased due to improvement in Net business profit contribution from improvement of credit cost and other non-recurring profit
- 72% progress vs full year forecast of ¥155.0bn

Overview of balance sheet

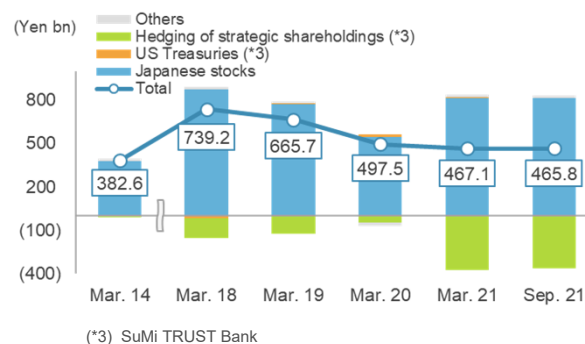
	(Yen bn)	Mar. 21	Sep. 21	Change
1 Assets (*1)		63,368.5	63,334.6	(33.9)
2 Cash and due from banks		18,488.7	18,907.2	418.4
3 Securities		6,983.4	7,064.5	81.0
4 Loans and bills discounted		30,506.9	30,569.8	62.8
5 Other assets (*1)		7,389.3	6,793.0	(596.3)
6 Liabilities (*1)		60,646.0	60,542.0	(103.9)
7 Deposits and NCD		40,628.2	41,217.4	589.1
8 Borrowed money from trust account		4,915.2	4,173.8	(741.3)
9 Other liabilities (*1)		15,102.5	15,150.7	48.1
10 Total net assets		2,722.5	2,792.6	70.0
11 Total shareholders' equity		2,416.0	2,489.3	73.3
12 Total accumulated OCI		277.7	274.4	(3.3)
13 Minority interests, etc.		28.7	28.8	0.0
14 Net assets per share (BPS) (Yen)		7,192	7,378	186
15 Number of shares issued (mn shares) (*2)		374.5	374.5	0.0
(Reference)				
16 Loan-deposit ratio (SuMi TRUST Bank)		75.6%	74.4%	(1.2%)
17 NPL ratio (SuMi TRUST Bank)		0.4%	0.3%	(0.1%)

(*1) As for derivative transaction, presentation treatment has been changed from net basis to gross basis since 1QFY21 (a general treatment in the practical guidance for accounting for financial instruments)

Following the change, figures in Mar. 2021 has been updated

(*2) Number of common shares issued (excluding treasury stocks) as of the date above

Unrealized gains/losses of AFS securities with fair value



(*3) SuMi TRUST Bank

Profit by group company

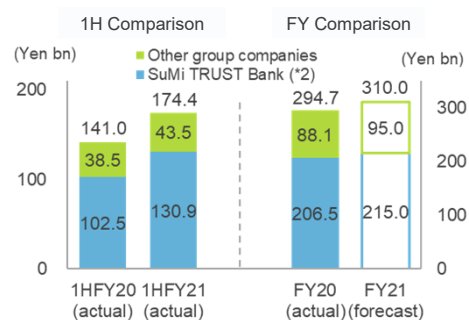
	(Yen bn)	1H FY20	1H FY21	Change
1 Net business profit before credit costs (*1)		141.0	174.4	33.3
2 o/w SuMi TRUST Bank (*2)		102.5	130.9	28.4
3 SuMi TRUST AM		5.6	5.4	(0.2)
4 Nikko AM (*3)		8.1	17.0	8.9
5 SuMi TRUST Realty		0.9	2.8	1.9
6 SuMi TRUST Panasonic Finance (*3)		4.9	4.7	(0.2)
7 SuMi TRUST Loan & Finance		5.6	5.3	(0.3)
8 SBI Sumishin Net Bank (*3)		5.0	5.0	(0.0)
9 SuMi TRUST Guarantee (*3)		5.7	5.8	0.0
10 SuMi TRUST Club		1.3	1.3	(0.0)
11 Effect of purchase accounting method		0.3	-	(0.3)
12 Net income (*1)		80.0	111.0	30.9
13 o/w SuMi TRUST Bank		62.7	87.5	24.7
14 SuMi TRUST AM		3.8	3.7	(0.1)
15 Nikko AM (*3)		5.1	12.8	7.6
16 SuMi TRUST Realty		0.6	1.9	1.3
17 SuMi TRUST Panasonic Finance (*3)		2.3	2.2	(0.0)
18 SuMi TRUST Loan & Finance		3.8	3.6	(0.2)
19 SBI Sumishin Net Bank (*3)		3.3	4.2	0.8
20 SuMi TRUST Guarantee (*3)		3.9	4.0	0.0
21 SuMi TRUST Club		1.0	0.9	(0.0)
22 Effect of purchase accounting method		(0.7)	(0.0)	0.6

(*1) Figures on the table above are contribution of group companies, which are substantive amount excluding consolidation adjustment that do not relate directly to the group companies' business results.

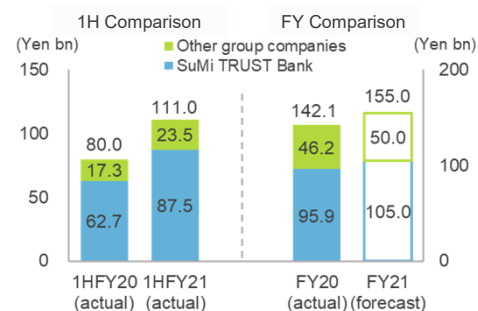
(*2) Including dividend from group companies (1H FY20: ¥8.4bn, 1H FY21 ¥13.5bn, YoY change: ¥5.0bn)

(*3) Consolidated basis

Breakdown of Net business profit before credit costs



Breakdown of Net income



Profit by business segment

		(Yen bn)	1HFY20 Net business profit before credit costs	1HFY21		1HFY21 Net business profit before credit costs	Change	FY21 Net business profit before credit costs		
				Substantial gross business profit	Change			Substantial G&A expenses	initial plan	11/11 revised
1	Total		141.0	400.7	41.9	(226.2)	174.4	33.3	280.0	310.0
2	Retail total solution services		6.1	93.9	8.7	(77.2)	16.6	10.5	17.0	26.0
3	SuMi TRUST Bank		(2.7)	66.7	8.0	(58.6)	8.0	10.8	2.0	11.0
4	Other group companies		8.9	27.2	0.6	(18.6)	8.6	(0.2)	15.0	15.0
5	Wholesale financial services (*1)		59.4	102.6	6.0	(37.9)	64.6	5.2	115.0	123.0
6	SuMi TRUST Bank		45.6	74.0	5.2	(23.3)	50.6	5.0	87.0	95.0
7	Other group companies		13.8	28.5	0.7	(14.5)	14.0	0.1	28.0	28.0
8	Stock transfer agency services		11.3	21.5	0.1	(10.2)	11.3	(0.0)	19.0	19.0
9	SuMi TRUST Bank		10.8	12.7	0.0	(1.9)	10.7	(0.0)	18.0	18.0
10	Other group companies		0.4	8.7	0.0	(8.2)	0.5	0.0	1.0	1.0
11	Real estate		4.8	23.6	7.0	(12.7)	10.9	6.0	28.0	28.0
12	SuMi TRUST Bank		3.6	12.6	4.1	(4.8)	7.7	4.1	23.0	23.0
13	Other group companies		1.2	11.0	2.8	(7.8)	3.1	1.9	5.0	5.0
14	Fiduciary services (excl. Asset Mgt. business)		15.8	46.8	3.8	(26.4)	20.4	4.5	33.0	38.0
15	SuMi TRUST Bank		14.2	29.2	3.0	(11.6)	17.5	3.3	31.0	34.0
16	Other group companies		1.6	17.6	0.8	(14.7)	2.8	1.2	2.0	4.0
17	Asset management business (*2)		13.8	53.0	12.9	(30.4)	22.5	8.7	32.0	40.0
18	Global markets (*3)		28.5	35.0	(1.0)	(7.5)	27.5	(1.0)	50.0	50.0

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

(*2) Sum of Asset management companies (SuMi TRUST AM (consolidated), Nikko AM (consolidated), Sky Ocean AM, JP AM)

(*3) Substantial gross business profit and net business profit include equity related profit which is posted as "net gains on stocks" (1HFY20: ¥(0.3)bn, 1HFY21: ¥2.0bn, YoY change: ¥2.3bn) and net gains/losses on stock related derivatives which is posted as "other non-recurring profit" (1HFY20: ¥(6.3)bn, 1HFY21: ¥(0.0)bn, YoY change: ¥6.2bn)

Overview of profit (SuMi TRUST Bank)

	(Yen bn)	1HFY20	1HFY21	Change
1 Net business profit before credit costs		102.5	130.9	28.4
2 Gross business profit		224.9	253.9	28.9
3 Effective interest related earnings		125.6	154.2	28.6
4 Net interest income and related profit		108.9	146.1	37.1
5 Profit attributable to deployment of surplus foreign currency funds		16.6	8.1	(8.5)
6 Net fees and commissions and related profit		72.0	80.7	8.6
7 Net trading profit		10.1	11.8	1.7
8 Net gains on foreign exchange transactions		17.5	38.1	20.5
9 Net gains on foreign exchange transactions (Excluding Profit attributable to deployment of surplus foreign currency funds)		(7.4)	(26.3)	(18.8)
10 Net gains on bonds		13.5	8.1	(5.3)
11 Net gains from derivatives		4.3	0.3	(4.0)
12 General and administrative expenses		(122.4)	(122.9)	(0.5)
13 Total credit costs		(1.5)	6.0	7.6
14 Other non-recurring profit		(16.6)	(21.6)	(4.9)
15 o/w Net gains on stocks		11.7	(18.5)	(30.2)
16 Amortization of net actuarial losses		(6.1)	(0.5)	5.5
17 Ordinary profit		84.2	115.4	31.1
18 Extraordinary profit		(0.5)	(0.7)	(0.2)
19 Income before income taxes		83.7	114.7	30.9
20 Total income taxes		(21.0)	(27.2)	(6.1)
21 Net income		62.7	87.5	24.7

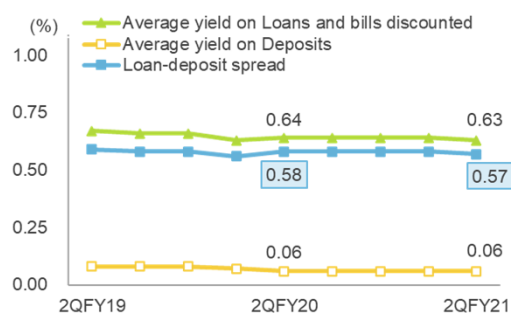
	1HFY20	1HFY21	Change
22 Gross business profit	224.9	253.9	28.9
23 Net interest income and related profit	108.9	146.1	37.1
24 Net fees and commissions and related profit	72.0	80.7	8.6
25 Net trading profit	17.5	38.1	20.5
26 Net other operating profit (*)	26.3	(11.0)	(37.4)
27 o/w Net gains on foreign exchange transactions	9.2	(18.1)	(27.3)
28 Profit attributable to deployment of surplus foreign currency funds	16.6	8.1	(8.5)
29 other	(7.4)	(26.3)	(18.8)
30 Net gains on bonds	13.5	8.1	(5.3)
31 Net gains from derivatives	4.3	0.3	(4.0)
32 Net fees and commissions and related profit	72.0	80.7	8.6
33 o/w Investment management consulting	16.0	20.6	4.5
34 Asset management/administration	26.1	29.2	3.0
35 Real estate brokerage	5.5	9.5	4.0
36 Stock transfer agency services	12.6	12.7	0.0
37 Inheritance related services	1.5	1.9	0.3
38 Wholesale credit related	15.3	14.0	(1.3)
39 Net gains on bonds	13.5	8.1	(5.3)
40 Domestic bonds	(0.0)	1.1	1.1
41 Foreign bonds	13.5	7.0	(6.5)

(*) Other profit within net business profit before credit costs in 1HFY20 and 1HFY21 is ¥(0.7)bn and ¥(1.3)bn, respectively.

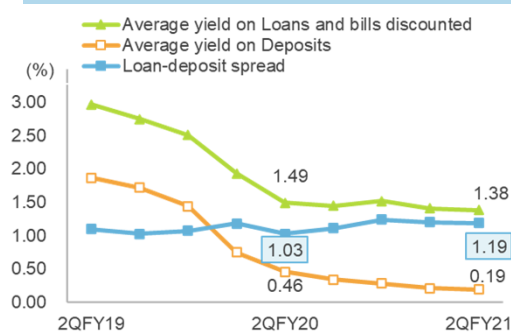
Net interest income (SuMi TRUST Bank)

		1H FY21					
(Average balance: Yen trn) (Income/Expenses: Yen bn)		Average Balance	Change from 1H FY20	Average Yield	Change from 1H FY20	Income/ Expenses	Change from 1H FY20
1	Net interest income					136.6	36.3
2	Domestic business			0.36%	(0.01%)	84.9	7.9
3	Interest-earning assets	45.69	4.04	0.48%	(0.02%)	112.1	7.1
4	o/w Loans and bills discounted	24.64	0.31	0.64%	0.01%	79.2	1.2
5	Securities	4.35	0.39	1.36%	0.16%	29.7	5.7
6	Interest-bearing liabilities	44.99	3.66	0.12%	(0.01%)	(27.1)	0.8
7	o/w Deposits	27.49	1.15	0.06%	(0.01%)	(8.4)	0.9
8	Borrowings from trust a/c	4.05	0.46	0.46%	(0.02%)	(9.4)	(0.6)
9	Swaps	---	---	---	---	(0.9)	(0.0)
10	International business			0.71%	0.37%	51.7	28.4
11	Interest-earning assets	14.53	1.41	1.04%	(0.09%)	76.0	1.3
12	o/w Loans and bills discounted	5.84	(0.31)	1.39%	(0.33%)	41.0	(12.1)
13	Due from banks	1.80	(0.16)	0.21%	0.00%	1.9	(0.1)
14	Securities	2.43	0.23	2.52%	0.91%	30.8	13.0
15	Interest-bearing liabilities	14.50	1.59	0.33%	(0.46%)	(24.3)	27.0
16	o/w Deposits	5.29	(0.17)	0.20%	(0.40%)	(5.4)	11.0
17	NCD / USCP	6.43	1.56	0.13%	(0.44%)	(4.2)	9.7
18	Repo	1.62	0.15	0.08%	(0.23%)	(0.6)	1.6
19	Expenses on swaps	---	---	---	---	(10.2)	4.0
20	(+) Trust fees from principal guaranteed trust a/c					9.4	0.7
21	(+) Profit attributable to deployment of surplus foreign currency funds					8.1	(8.5)
22	Effective interest related earnings					154.2	28.6
23	Loan-deposit spread / income in domestic business			0.58%	0.02%	70.7	2.2
24	Loan-deposit spread / income in international business			1.19%	0.07%	35.5	(1.0)

Domestic loan-deposit spread (quarterly)



International loan-deposit spread (quarterly)



(Reference) Status of foreign currency balance sheet (SuMi TRUST Bank)

Foreign currency B/S (as of Sep. 2021) (USD bn)				
(Reference) Mar. 21	Foreign currency Core B/S			
	Loans 49.1		Client deposits, Deposit from Central banks, etc. 48.1	
	Credit securities 6.8		Cross currency swap 14.0	
	Net I/B depo, etc. 17.8		Repo utilizing client assets 8.2	
			Senior bond, etc. 7.4	
	FX Forward 59.3		NCD USCP 60.8	
	Market placement of surplus USD			
	Bond investments 10.8		Repo 5.2	
	Total 143.9		Total 143.9	
	132.9		132.9	

Foreign currency ALM management

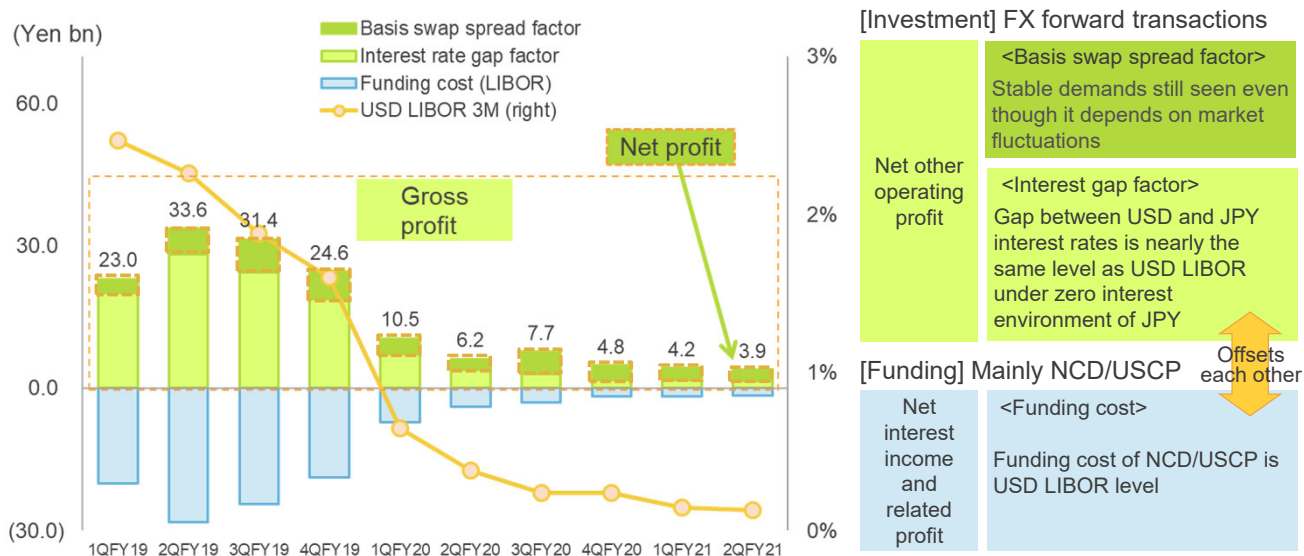
- ◆ Loans and credit investment securities constitute foreign currency core B/S assets, which are funded utilizing stable sources such as "sticky" client deposits, deposits from central banks, long-term yen CCS, client asset repos and senior bonds.
- ◆ Short term funds sourced through NCD/USCP markets are categorized as contingent funding buffer, and the funds are utilized as short-term funds in the inter-bank or foreign exchange market.

Basis swap spread (CCS) (USD/JPY)



Profit structure of market deployment of surplus foreign currency

- Profit from FX forward transactions(Investment) consists of basis swap spread and interest rate gap factor. Interest rate gap is offset by USD funding costs
- Gross funding costs and investment profits decreased due to a decline in USD LIBOR. Net profit remained unchanged YoY



(*) The above contents are simplified to promote understanding the structure of the operations, although actual profitability of market placement of surplus foreign currency changes depending on market environment. Figures show gross profits as sum of basis swap spread factor and interest gap factor.

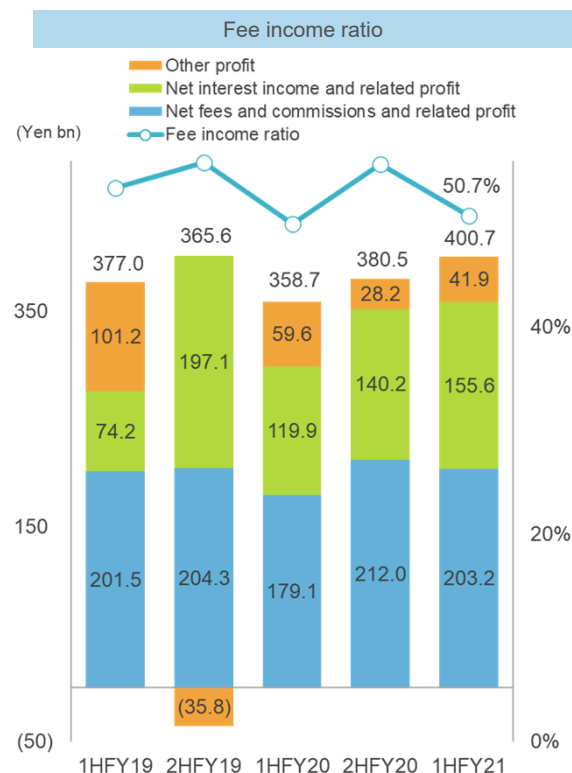
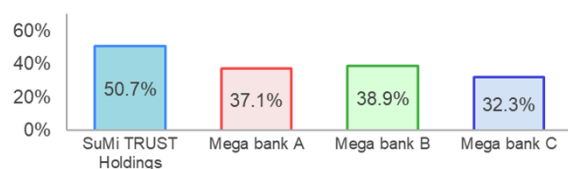
Net fees and commissions and related profit

	(Yen bn)	SuMi TRUST Bank		SuMi TRUST Group (*1)	
		1H FY21	Change from 1H FY20	1H FY21	Change from 1H FY20
1 Net fees and commissions and related profit		80.7	8.6	203.2	24.0
2 Investment trust and insurance sales		20.6	4.5	20.6	4.5
3 Card		-	-	17.7	0.9
4 Asset management / administration		29.2	3.0	95.6	13.1
5 Profit		48.7	3.9	105.4	13.5
6 Fees paid out for outsourcing		(19.5)	(0.9)	(9.8)	(0.3)
7 Stock transfer agency services		12.7	0.0	21.4	(0.0)
8 Profit		18.3	0.1	21.4	0.0
9 Fees paid out for outsourcing		(5.5)	(0.1)	-	-
10 Real estate		12.6	4.1	23.6	7.0
11 Others (Loan arrangement fees, etc.)		5.4	(3.1)	24.1	(1.5)
12 Fee income ratio (*2)		31.7%	(0.3%)	50.7%	0.8%

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

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

Comparison of fee income ratio between major banks

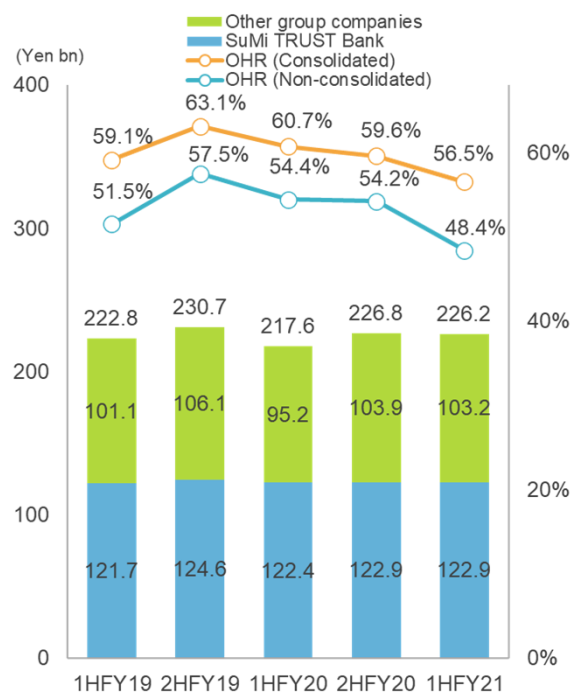


Expenses

[SuMi TRUST Group]		(Yen bn)	1HFY20	1HFY21	Change
1	Personnel expenses		(98.6)	(104.4)	(5.7)
2	Non-personnel expenses excluding taxes		(109.3)	(114.0)	(4.7)
3	Taxes other than income taxes		(9.7)	(7.8)	1.8
4	Substantial G&A expenses		(217.6)	(226.2)	(8.6)
5	Overhead ratio		60.7%	56.5%	(4.2%)

[SuMi TRUST Bank]		(Yen bn)	1HFY20	1HFY21	Change
6	Personnel expenses		(53.5)	(55.4)	(1.9)
7	Salaries etc.		(49.9)	(51.9)	(2.0)
8	Retirement benefit expenses		5.1	5.4	0.2
9	Others		(8.7)	(8.9)	(0.1)
10	Non-personnel expenses excluding taxes		(62.2)	(62.7)	(0.5)
11	IT system related costs		(24.0)	(22.2)	1.8
12	Others		(38.1)	(40.5)	(2.3)
13	Taxes other than income taxes		(6.7)	(4.8)	1.9
14	G&A expenses		(122.4)	(122.9)	(0.5)
15	Overhead ratio		54.4%	48.4%	(6.0%)

Breakdown of G&A expenses



Total credit costs and problem assets

[Total credit costs]		1H FY20	1H FY21	Major factors (1H FY21)
(Yen bn)				
1	SuMi TRUST Bank	(1.5)	6.0	Release of reserves due to the improvement in business conditions of our clients, Release of special loan provision approx. 1.5bn Small new occurrence
2	General allowance for loan losses	7.5	6.2	
3	Specific allowance for loan losses	(6.8)	1.5	
4	Recoveries of written-off claims	0.1	0.6	
5	Losses on sales of claims, written-off	(2.4)	(2.3)	
6	Other group companies, etc.	(0.5)	(0.9)	SuMi TRUST Panasonic Finance (0.7)bn Small release of special loan loss provision
7	Total	(2.0)	5.1	

As of September 2021
Special loan loss
provision of approx. 18.0bn

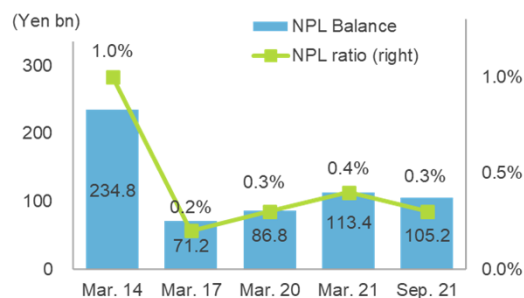
[NPL (SuMi TRUST Bank)]

(Yen bn)		Sep. 21	Coverage ratio (*1)	Allowance ratio (*2)	Change from Mar. 21
8	NPL	105.2	72.2%	39.8%	(8.2)
9	NPL ratio (ratio to Total loan balance)	0.3%	---	---	(0.1%)
10	Bankrupt and practically bankrupt	16.9	100.0%	100.0%	(4.6)
11	Doubtful	41.8	86.3%	69.2%	(2.7)
12	Substandard	46.4	49.3%	10.8%	(0.9)
13	Other special mention debtors	392.4	---	---	(111.6)
14	Ordinary assets	30,602.4	---	---	32.2
15	Total loan balance	31,100.1	---	---	(87.6)

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

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

Total Balance and ratio of NPL



Securities portfolio

[Securities with fair value]

	(Yen bn)	Costs		Unrealized gains/losses	
		Sep. 21	Change from Mar. 21	Sep. 21	Change from Mar. 21
1 Available-for-sale securities		5,984.7	64.2	465.8	(1.3)
2 Japanese stocks		581.3	(23.8)	813.7	(2.3)
3 Japanese bonds		2,371.4	29.6	(0.0)	(0.8)
4 Others		3,031.9	58.3	(347.8)	1.8
5 Held-to-maturity debt securities		272.1	(56.0)	15.9	(0.4)

[Securities with fair value (SuMi TRUST Bank)]

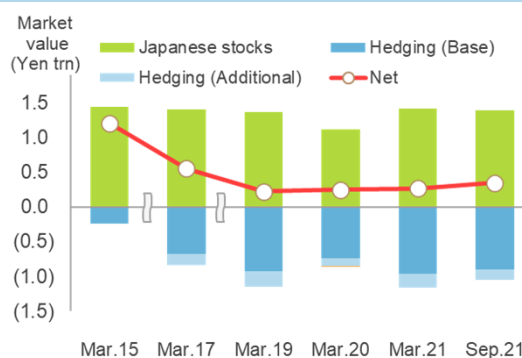
6 Available-for-sale securities		5,826.4	95.0	483.0	(3.2)
7 Japanese stocks		552.5	(23.0)	840.2	(3.0)
8 Japanese bonds		2,371.4	29.6	(0.0)	(0.8)
9 o/w Government bonds		1,659.2	14.9	(2.7)	(0.9)
10 Others		2,902.5	88.4	(357.0)	0.6
11 Domestic investment		94.3	23.1	2.1	(0.2)
12 International investment		1,608.8	132.6	1.6	(7.0)
13 o/w US Treasury		720.6	58.4	0.2	(6.4)
14 Others (Investment trust, etc.)		1,199.3	(67.2)	(360.8)	8.0
15 o/w for hedging of strategic shareholdings (*1)		1,067.4	(107.4)	(364.2)	9.4

(*1) Of which hedging effect under capital regulation is recognized: Costs ¥895.0bn, Unrealized gains/losses ¥(310.2)bn

[Held-to-maturity debt securities with fair value (SuMi TRUST Bank)]

16 Held-to-maturity debt securities		272.1	(56.0)	15.9	(0.4)
17 o/w Government bonds		117.7	(0.1)	15.3	(0.3)
18 International investment		91.0	(43.3)	0.0	(0.0)

Hedge positions against strategic shareholdings



(*2) As of Sep.2021, Hedge ratio against fair value of strategic shareholdings has been maintained at approx.75%

Securities portfolio of Global markets (*3)

	(Yen bn)	Sep. 21	Change from Mar. 21	Sep. 21	Change from Mar. 21
19 JPY		6.7	0.4	3.3	0.1
20 Others		2.8	(0.4)	3.5	(0.8)

(*3) Managerial reporting basis; "HTM debt securities" and "AFS securities" are combined

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

Capital

- Common Equity Tier 1 ratio:12.65%. Up 0.53 ppt from Mar. 2021 due to decrease of corporate credit. Pro-forma CET1 capital ratio on finalized Basel III:9.9% also up 0.5ppt
- Both leverage ratio and liquidity coverage ratio maintained levels well in excess of regulatory requirements

<Capital and total risk-weighted assets (consolidated)>

	(Yen bn)	Mar. 21	Sep. 21	Change
1 Total capital ratio		15.76%	16.30%	0.54%
2 Tier 1 capital ratio		13.51%	14.09%	0.58%
3 Common Equity Tier 1 capital ratio		12.12%	12.65%	0.53%
4 Total capital		3,190.9	3,208.8	17.9
5 Tier 1 capital		2,736.7	2,772.2	35.5
6 Common Equity Tier 1 capital		2,455.1	2,490.7	35.5
7 Instruments and reserves		2,666.6	2,734.8	68.1
8 Accumulated other comprehensive income (*1)		277.7	274.4	(3.3)
9 Regulatory adjustments		(211.5)	(244.1)	(32.5)
10 Additional Tier 1 capital		281.5	281.5	(0.0)
11 Tier 2 capital		454.2	436.5	(17.6)
12 Total risk-weighted assets		20,243.3	19,674.8	(568.5)
13 Credit risk		17,843.7	17,069.6	(774.0)
14 Market risk		1,427.2	1,656.2	228.9
15 Operational risk		972.3	948.9	△ 23.4

(*1) Valuation differences on Available-for-Sale Securities (Sep. 2021): ¥326.8bn

(*2) Calculated according to the revision of Financial Services Agency Notification(effective as of June 30, 2020). For reference, figures on item 17 and 20 are calculated according to the basis applied before the revision.

(*3) Average figures in 2QFY2021. "Change from Mar. 21" represents the comparison to figure for 4QFY2020 calculated in the same manner

<Major factors of change in capital adequacy ratios>

[Capital]

(1) Common Equity Tier 1 capital: +¥35.5bn

• Net income: +¥111.0bn

• Dividend: ¥(29.9)bn

[Risk-weighted assets]

(2) Credit risk: ¥(774.0)bn

• Decrease of corporate credit (corporate loans, commitment lines, etc.) :approx. ¥(400.0)bn

• Decrease of exposure to stock future index, etc., in global market :approx. ¥(280.0)bn

<Major factors of change in finalized Basel III>

• Decrease of risk-weighted assets due to above reasons

• Reflection of clarified rule for capital floor (contributed 0.2ppt up for CET1 ratio)

<Other ratios required in prudential regulations (consolidated)>

	(Yen bn)	Sep. 21	Change from Mar. 21
16 Leverage ratio (*2)		5.66%	0.13%
17 Including current account with the Bank of Japan		4.23%	0.07%
18 Tier 1 capital		2,772.2	35.5
19 Total exposure (*2)		48,936.8	(504.4)
20 Including current account with the Bank of Japan		65,440.5	(232.1)
21 Liquidity coverage ratio (*3)		177.6%	23.9%
22 Total high-quality liquid assets		18,094.6	768.6
23 Net cash outflows		10,188.2	(1,084.1)

Forecast for FY2021

- Revised net business profit upward by ¥30bn from original full year forecast, based on the strong 1HFY21 performance including recovery of fee related businesses. Net income remains unchanged at this time in order to assess trends in line items other than Net business profit from 3QFY21 onward
- Dividend per common share: ¥160, increased by ¥10 YoY, equivalent to consolidated payout ratio of 38.7%, in accordance with shareholder return policy (*)

	(Yen bn)	1H Actual	2H Forecast	FY21 Forecast	Change from FY20	Change from Initial Plan	
1	Net business profit before credit costs	174.4	135.5	310.0	15.2	30.0	(1)
2	o/w SuMi TRUST Bank	130.9	84.0	215.0	8.4	20.0	
3	Substantial gross business profit	400.7	374.2	775.0	35.7	35.0	
4	o/w SuMi TRUST Bank	253.9	211.0	465.0	13.0	25.0	
5	Other group companies	146.8	163.1	310.0	22.6	10.0	
6	Substantial G&A Expenses	(226.2)	(238.7)	(465.0)	(20.4)	(5.0)	
7	o/w SuMi TRUST Bank	(122.9)	(127.0)	(250.0)	(4.5)	(5.0)	
8	Other group companies	(103.2)	(111.7)	(215.0)	(15.8)	-	
9	Total credit costs	5.1	(25.1)	(20.0)	(12.1)	-	(2)
10	Net gains on stocks	(18.0)	(11.9)	(30.0)	13.5	(30.0)	(3)
11	Other non-recurring profit	(9.4)	(25.5)	(35.0)	25.2	-	
12	Ordinary profit	152.0	72.9	225.0	41.8	-	
13	o/w SuMi TRUST Bank	115.4	34.5	150.0	35.9	(10.0)	
14	Net income	111.0	43.9	155.0	12.8	-	
15	o/w SuMi TRUST Bank	87.5	17.4	105.0	9.0	(10.0)	
16	Dividend per common share (Yen)	80	80	160	+10	-	
17	Consolidated dividend payout ratio	---	---	38.7%	(0.8%)	-	

(*) Shareholder return policy

- ✓ As a means of returning shareholder's profits commensurate with earnings, aim to raise consolidated dividend payout ratio to around 40% in or around FY22.
- ✓ May repurchase its own shares flexibly by considering the balance with investment in profit growth opportunities for its mid- to long-term perspective, and the effect of the repurchase on the improvement of capital efficiency, given securing adequate capital level

【Assumptions】

(1) Net business profit: up ¥30.0bn vs original forecast

- Gross profit increased for both SuMi TRUST Bank and Other group companies
- Substantial G&A expenses increased mainly due to other group companies' expenses linked to increase of substantial Gross business profit.
- Net business profit increased net basis

(2) Total credit costs: unchanged/ ¥(20.0)bn

- Total credit cost remains unchanged original full year forecast at this time

(3) Net gains on stocks: forecast ¥(30.0)bn

- Expect reasonably large gains on stocks in 2HFY21 as well, but offset by expected realized losses of hedging transactions.
- Prioritize sale of hedging transactions with low B/E, to contain future earnings at risk caused by hedging portfolio

Fee business: Investment management consulting

- Total Income increased by ¥4.5bn YoY to ¥20.6bn due to increased sales volume and improvement of market value
- Total Sales volume increased by ¥283.1bn YoY to ¥596.3bn due to the penetration of generation-specific consulting following good market conditions

Income from marketing of investment products

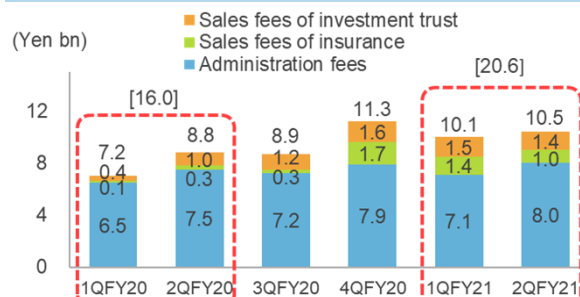
	(Yen bn)	1H FY20	1H FY21	Change	FY21 Plan
1 Income total		16.0	20.6	4.5	39.0
2 Sales fees of investment trust		1.5	3.0	1.5	6.0
3 Sales fees of insurance		0.5	2.4	1.9	3.0
4 Administration fees		14.0	15.2	1.1	30.0

Sales volume / balance

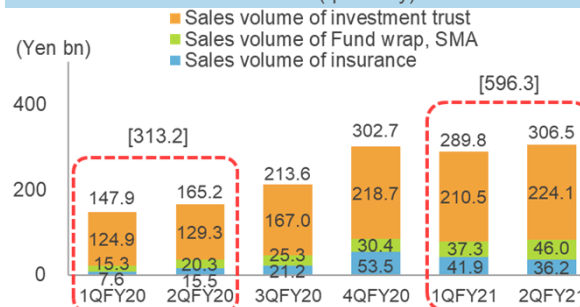
	(Yen bn)	1H FY20	1H FY21	Change	FY21 Plan
5 Sales volume total		313.2	596.3	283.1	995.0
6 Investment trust		254.2	434.7	180.4	735.0
7 Fund wrap, SMA		35.6	83.4	47.7	120.0
8 Insurance		23.2	78.2	55.0	140.0

	(Yen bn)	Mar. 21	Sep. 21	Change	Mar. 22 Plan
9 Balance total		6,896.4	7,080.8	184.3	7,100.0
10 Investment trust		3,533.0	3,730.0	197.0	3,750.0
11 Fund wrap, SMA		918.7	973.0	54.2	970.0
12 Insurance		2,444.6	2,377.6	(66.9)	2,380.0
13 Wrap Selection		1,843.2	1,867.1	23.8	1,870.0

Income from marketing (quarterly)



Sales volume (quarterly)



Fee business: Real estate

- Corporate real estate brokerage(SuMi TRUST Bank):Increased by ¥4.0bn YoY to ¥9.5bn due to steady transaction completion from deal pipeline
- Retail real estate brokerage (SuMi TRUST Realty): Increased ¥2.8bn YoY to ¥10.2bn, maintaining good performance

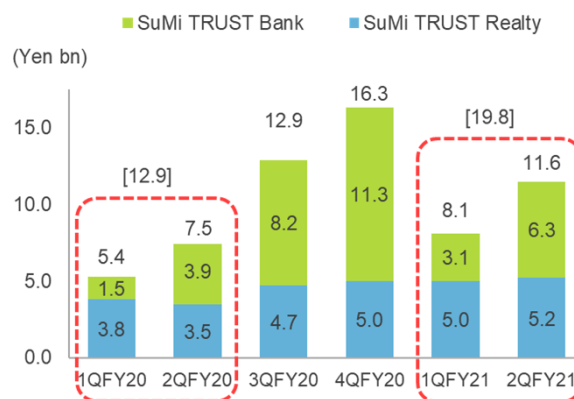
Income (group base)

(Yen bn)	1HFY20	1HFY21	Change	FY21 Plan
1 Real estate brokerage fees	12.9	19.8	6.8	46.0
2 SuMi TRUST Bank	5.5	9.5	4.0	27.0
3 SuMi TRUST Realty	7.4	10.2	2.8	19.0
4 Real estate trust fees, etc.	2.9	3.0	0.1	6.0
5 Net other real estate profit	0.6	0.7	0.0	2.0
6 SuMi TRUST Bank	-	-	-	-
7 Group companies	0.6	0.7	0.0	2.0
8 Total	16.6	23.6	7.0	54.0
9 o/w SuMi TRUST Bank	8.4	12.6	4.1	33.0

Assets under management / administration

(Yen bn)	Mar. 21	Sep. 21	Change
10 Securitized real estate	20,047.4	20,611.4	563.9
11 Assets under custody from J-REITs	16,785.3	16,952.4	167.1
12 Assets under management	613.1	630.4	17.3
13 Private placement funds	341.5	358.8	17.3
14 J-REITs	271.6	271.6	-

Real estate brokerage fees (quarterly)



Fee business: Asset management/administration (Fiduciary services/Asset Management)

- AUM increased by ¥4.3trn to approx.¥121trn from March 2021 due to improvement of market value and cash inflow
- AUC increased for each asset category in both domestic and overseas from March 2021

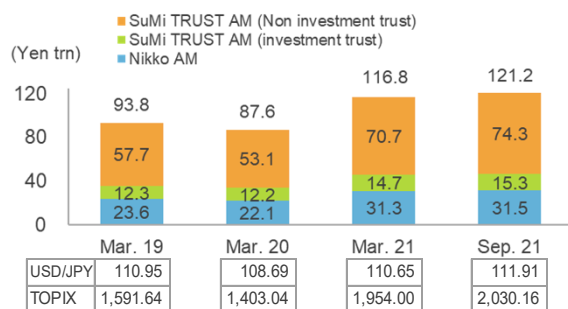
Assets under management (AUM)

(Yen trn)		Mar. 21	Sep. 21	Change
1	Assets under management (*1)	116.8	121.2	4.4
2	SuMi TRUST AM	85.5	89.6	4.1
3	Investment trust	14.7	15.3	0.5
4	Non investment trust (*2)	70.7	74.3	3.6
5	Corporate pension trust	14.6	14.8	0.2
6	Public pension trust	12.9	12.7	(0.1)
7	Discretionary investment	43.2	46.7	3.5
8	Nikko AM (*3)	31.3	31.5	0.2

(*1) Categorized by entity actually managing asset

(*2) Partially include AUM managed by SuMi TRUST Bank

(*3) Change includes the impact of business reorganization in which a subsidiary in unconsolidated : ¥(1.1)trn



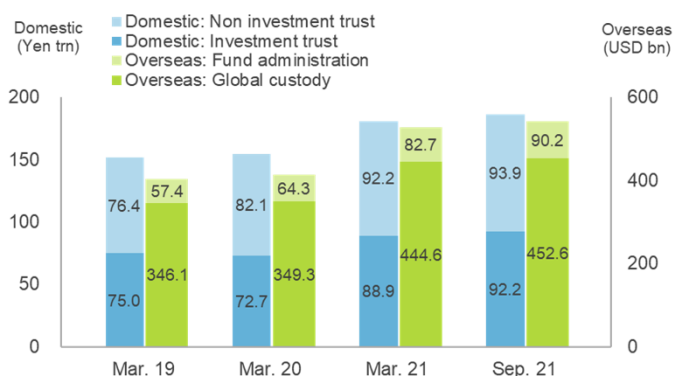
USD/JPY	110.95	108.69	110.65	111.91
TOPIX	1,591.64	1,403.04	1,954.00	2,030.16

Assets under custody/administration (AUC)

(Yen trn)		Mar. 21	Sep. 21	Change
[Domestic]				
9	Investment trust (*4)	88.9	92.2	3.3
10	Non investment trust (*4)	92.2	93.9	1.6
[Overseas] (USD bn)				
11	Global custody (*5)	444.6	452.6	8.0
12	Fund administration	82.7	90.2	7.4

(*4) Entrusted balance of SuMi TRUST Bank

(*5) Combined figures of SuMi TRUST Bank, SuMi TRUST Bank(U.S.A.) and



Loan/investment business: Credit portfolio (SuMi TRUST Bank)

- Loans to individuals: Advanced amount increased compared to 1HFY20 when marketing activities were restricted due to COVID-19
- Corporate credit: Corporate (Yen) decreased mainly due to repayment of short term loans for previous fiscal year end. Corporate (Foreign currency) decreased due to selective transactions considering profitability

Advanced amount and balance for individuals

	1HFY20	1HFY21	Change
(Yen bn)			
1 Advanced amount of loans to individuals	520.3	631.6	111.2
2 o/w Residential mortgage loans	476.4	589.7	113.3

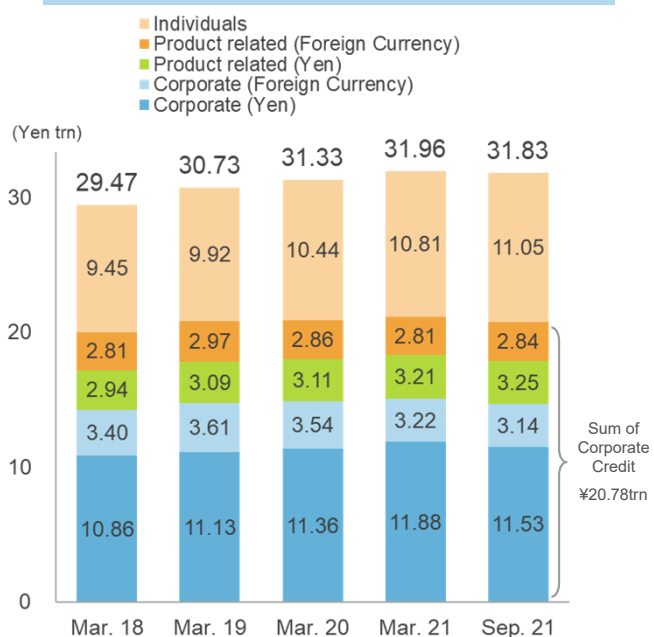
	Mar. 21	Sep. 21	Change
(Yen bn)			
3 Balance of loans to individuals	10,819.6	11,054.1	234.5
4 o/w Residential mortgage loans	10,141.8	10,368.2	226.4

Balance of credit for corporates

	Mar. 21	Sep. 21	Change (*)
(Yen bn)			
5 Corporate (Yen)	11,885.4	11,539.6	(345.8)
6 Corporate (Foreign Currency)	3,225.4	3,147.3	(78.0)
7 Product related (Yen)	3,217.5	3,254.7	37.2
8 Product related (Foreign Currency)	2,812.7	2,842.0	29.2
9 Total balance of credit for corporates	21,141.1	20,783.7	(357.4)
10 o/w Product related	6,030.2	6,096.7	66.5

(*) Impact of foreign exchange: Corporate (Foreign Currency) approx. ¥28.0bn,
Product related (Foreign Currency) approx. ¥15.0bn

Credit portfolio balance



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