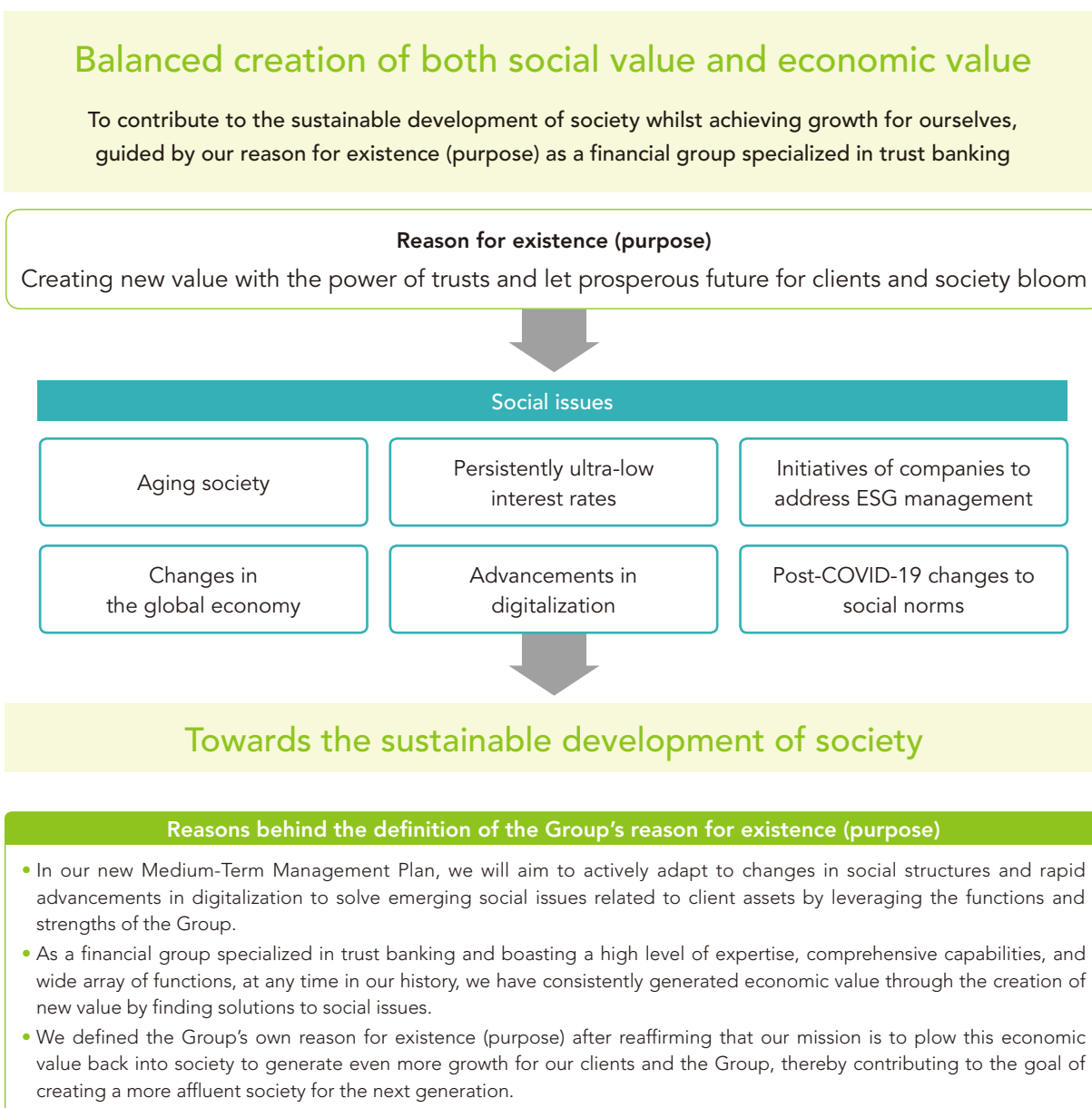


Medium-Term Management Plan (FY2020–2022)

We formulated the three-year strategy after reassessing the roles and functions expected of us as a financial group specialized in trust banking, as well as our own reason for existence (purpose) based on a long-term point of view. We recognize that taking on the mission of solving social issues arising from the multitude of changes occurring in society and the environment presents us with a growth opportunity, which is why we have placed at the core of our management philosophy the notion of balanced creation of both social value and economic value.

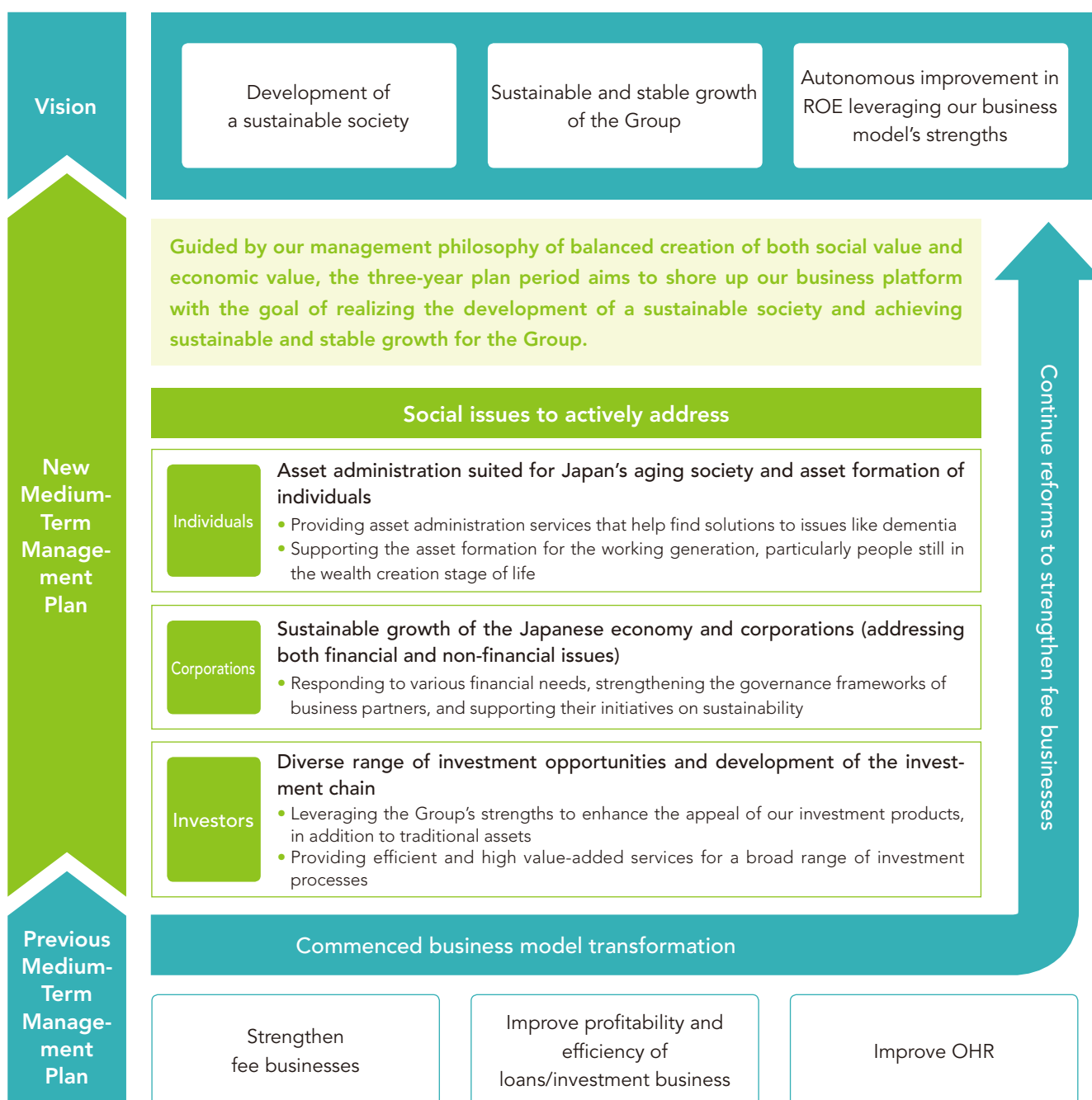
We think the diversification of values in society and the growing number of uncertainties in the environment suggest that now is the right time for the SuMi TRUST Group to take on the mantle of providing trust schemes that can help achieve a safe and secure society. As the “Best Partner” most trusted by our clients, we intend to do everything we possibly can to pass on to the next generation a society that is even more capable of coping with change.



Positioning of Medium-Term Management Plan (expanding platform to achieve sustainable and stable growth)

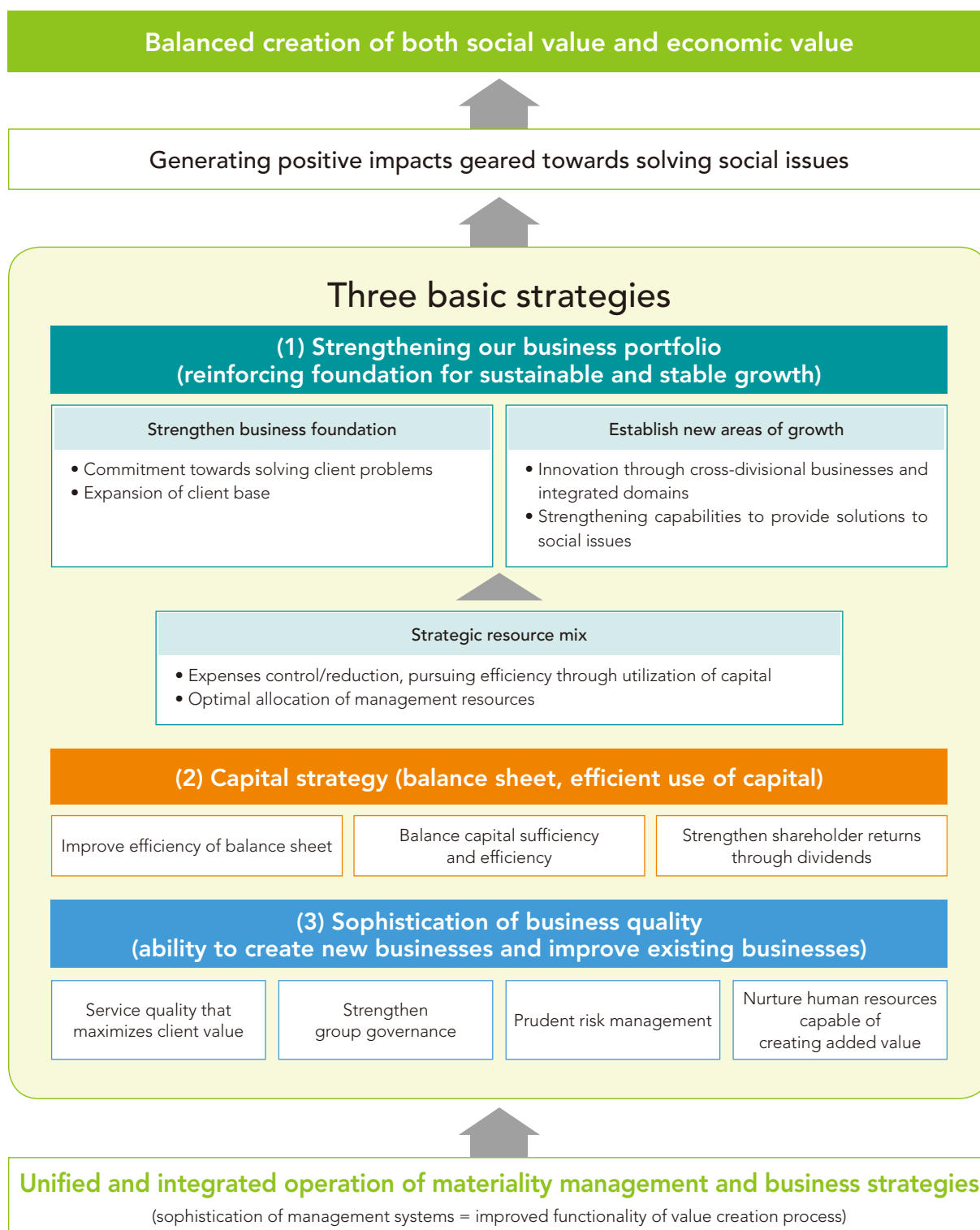
In our previous Medium-Term Management Plan running from FY2017 through FY2019, we kicked off the transformation of our business model to meet the needs of our diversifying client base; on the whole, we made steady progress on attaining our quantitative targets and other objectives. Under the new Medium-Term Management Plan commencing in FY2020,

we intend to make further progress on the same initiatives whilst also shoring up our business platform over the next three years with the aim of chalking up sustainable and stable growth for the Group by aggressively tackling the social issues that confront individuals, corporations, and investors.



Basic Strategies

Under our Medium-Term Management Plan that kicks off in FY2020, we aim to step up our initiatives on further improving the sustainability and stability of growth by anchoring the management of the Group to three basic strategies.



(1) Strengthening our business portfolio (reinforcing foundation for sustainable and stable growth)

• Strengthen business foundation

We aim to create more opportunities to provide new products, services, and total solutions based on long-term, inclusive relationships of trust with existing clients.

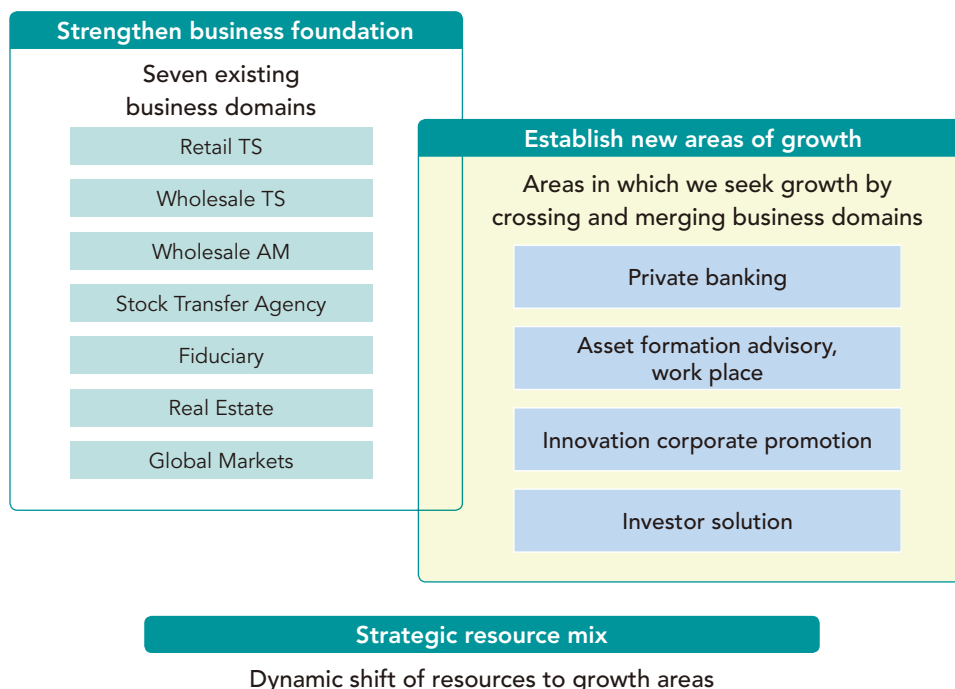
In addition, we will endeavor to gain new clients and build up AUM mainly in the Group’s areas of expertise. Through these initiatives we hope to meet the needs of clients and society and continue to generate economic value that underpins the sustainable growth of the Group.

• Establish new areas of growth

In light of the issues expected to arise in the future and the needs of clients that are rising to the surface, we will pursue renewed growth by establishing businesses that deliver solutions to such problems right across our business portfolio. So that we can harness the business creativity of intersecting and melding businesses and functions—one of our traditional strengths—we intend to reorganize SuMi TRUST Bank, the entity at the heart of the Group, and undertake resource allocation and risk taking in an intensive fashion.

• Promote strategic resource mix

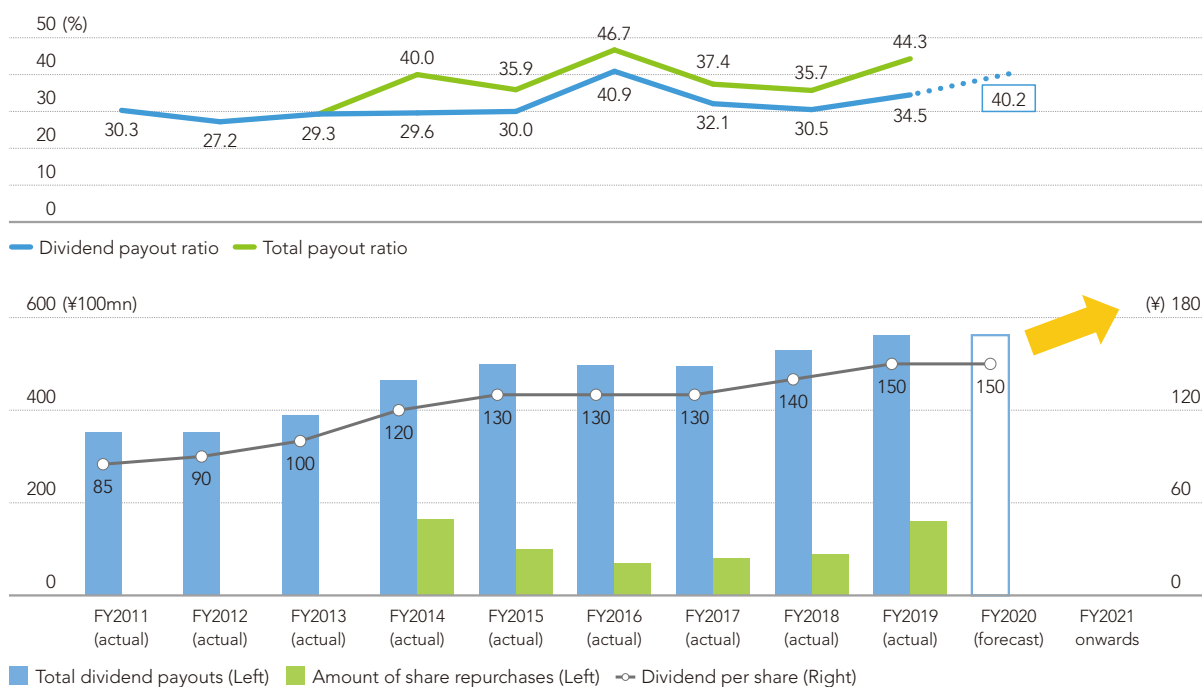
We will push ahead with the optimal allocation of a diverse mix of managerial resources to areas that need them the most in an effort to further strengthen and streamline the Group’s management structure. In addition to making effective use of capital and advancements in digital technology, we will also aim to flexibly combine management resources within the Group to build a resilient organization that balances both optimum allocation and maximized use of resources.



(2) Capital strategy (balance sheet, efficient use of capital)

- Whilst maintaining sufficient capital, we aim to be more aggressive in our use of strategic investments, step up our use of active capital strategies, for example by reducing strategic shareholding shares and controlling risk assets, and push ahead with capital policies that strike the right balance between financial soundness and capital efficiency.
- We intend to control risk assets mainly by accelerating asset turnover, step up efforts to diversify our structure on foreign currency procurement, and continuously work on improving profitability in credit portfolios for both individual and corporate clients.
- We will emphasize the return of profits to shareholders via dividends and aim to bolster shareholder returns in line with sustainable and stable profit growth.

Shareholder returns



(3) Sophistication of business quality (ability to create new businesses and improve existing businesses)

- As a financial group specialized in trust banking, we will aim to strengthen our client-oriented and customer satisfaction initiatives as a source of differentiation, integrate the units that handle fiduciary duty and CS (customer satisfaction) operations, enhance business quality management capabilities, and endeavor to instill greater employee awareness, including risk culture, at our branches.
- We will seek to make Group-wide business management more sophisticated mainly in the areas of HR, finance, and risk management, taking into account changes in the operating environment, new regulatory requirements, and the growing importance of Group strategies.

Key Performance Indicator (KPI)

		FY2019 (actual)	Medium-Term Management Plan vision (FY2022 targets)		Longer-Term targets
Performance indicators (consolidated)	Net business profit	¥289bn	¥290bn	Acceleration of business model transformation / growth driven by crossing and merging	
	Net income	¥163bn	¥190bn	Sustainable and stable growth	
	OHR (overhead ratio)	61.10%	Lower 60% range	Future investments in tandem with expense control	Upper 50% range
	Common equity tier 1 capital ratio*1	9.70%	Mid- 10% range	Ensuring capital sufficiency	Stably maintained in 10% range
	Return on equity*2	6.25%	Around 7%	Aiming for autonomous improvement in ROE	Around 9%
	Fee income ratio	54.60%	Upper 50% range	Strengthening steady fee income	Stably maintained above 60%
	Dividend payout ratio	34.50%	Around 40%	Emphasis on returning profits to shareholders via dividends in line with earnings growth / bolstering shareholder returns	
Base KPIs	Client base ("Pre-Best Partners")	Individuals	260,000	290,000	Strengthening our base of "Pre-Best Partners," the stage needed if we are to build healthy relationships and boost our number of clients that ultimately choose the SuMi TRUST Group as their "Best Partner"*3 over the long-term or in a continuous manner
		Corporations	590 companies	720 companies	
	Responding to society following the COVID-19 pandemic (individual clients using non-face-to-face channels*4)	1.85mn	2.38mn	Responding to changes in society and methods of communication as a result of the COVID-19 pandemic in an effort to improve the level of convenience for clients and boost productivity in the Group	

*1 Based on finalized Basel III standards

*2 Changed from "Shareholder ROE". Impact of change roughly -1%.

*3 How our clients view the SuMi TRUST Group

*4 Clients using internet banking or the Life Guide internet portal