

Financial Review

Terms with an asterisk are explained in "Glossary" on page 135, 136.

In the consolidated financial results for FY2020, net business profit before credit costs increased by ¥5.6 billion year on year to ¥294.7 billion, which far exceeded our published forecasts. The rise was mainly due to an increase in effective net interest income and related profit in SuMi TRUST Bank, despite a decrease in net fees and commissions and related profits due to the effects of self-restraint on business activities with the spread of COVID-19.

In the meantime, net income attributable to owners of the parent decreased by ¥20.8 billion year on year to ¥142.1 billion. This was because of impairments of software assets, etc. with an eye on "new normal" state of the economy in the future, partial realization of both unrealized gains on strategic-shareholdings and unrealized losses on hedge transactions, and improvement of mark-to-market value of hedging positions in net nonrecurring profits line and below. In the first year of the newly launched Medium-Term Management Plan, the plan mostly progressed as envisaged, achieving the initial plan of ¥140 billion.

Overview of the Financial Results in FY2020

<Consolidated> SuMi TRUST Holdings (Consolidated)

Billions of Yen (Unless specified otherwise)

	FY2020 (A)	FY2019 (B)	Change (A)-(B)	Rate of change
Net Business Profit before Credit Costs*	294.7	289.0	5.6	2.0%
Ordinary Profit	183.1	257.6	(74.5)	(28.9%)
Net Income Attributable to Owners of the Parent	142.1	163.0	(20.8)	(12.8%)
Total Credit Costs*	(7.8)	(43.8)	36.0	—
Return on shareholders' equity*	5.41%	6.25%	(0.84%)	—
Net Income per Common Shares (EPS) (Yen)	379	434	(54)	(12.6%)
Net Assets per Common Shares (BPS) (Yen)	7,192.07	6,822.48	369	5.4%

\* [Net Income Attributable to Owners of the Parent / (FY-start total shareholders' equity (equity) + FY-end total shareholders' equity (equity)) / 2] × 100

<Non-consolidated> SuMi TRUST Bank (Non-consolidated)

Billions of Yen (Unless specified otherwise)

	FY2020 (A)	FY2019 (B)	Change (A)-(B)	Rate of change
Net Business Profit before Credit Costs*	206.5	206.8	(0.2)	(0.1%)
Net Interest Income and Related Profit*	229.9	134.1	95.7	71.4%
Net Fees and Commissions and Related Profit*	163.9	174.3	(10.3)	(5.9%)
Net Trading Profit	(33.2)	102.1	(135.4)	(132.5%)
Net Other Operating Profit	91.3	42.5	48.7	114.6%
General and Administrative Expenses	(245.4)	(246.4)	0.9	(0.4%)
Total Credit Costs*	(6.3)	(34.7)	28.4	—
Net Non-recurring Profit, etc.	(86.2)	4.4	(90.6)	—
Ordinary Profit	114.0	176.4	(62.4)	(35.4%)
Extraordinary Profit	15.6	1.0	14.5	—
Net Income	95.9	124.7	(28.7)	(23.1%)

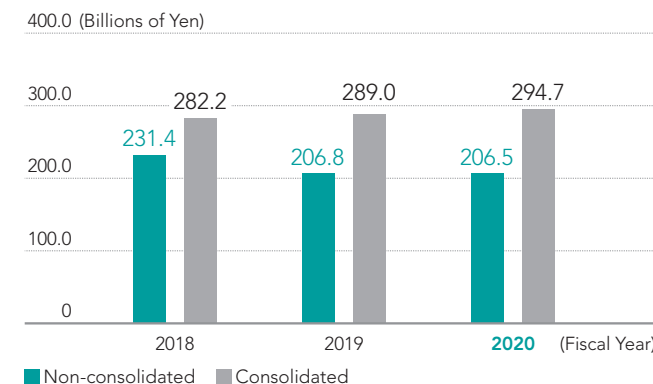
(Note) Amounts less than ¥100 million are rounded down.

<Dividends>

	FY2020 (A)	FY2019 (B)	Change (A)-(B)
Dividend per Share on Common Share (Yen)	150.00	150.00	±0.00

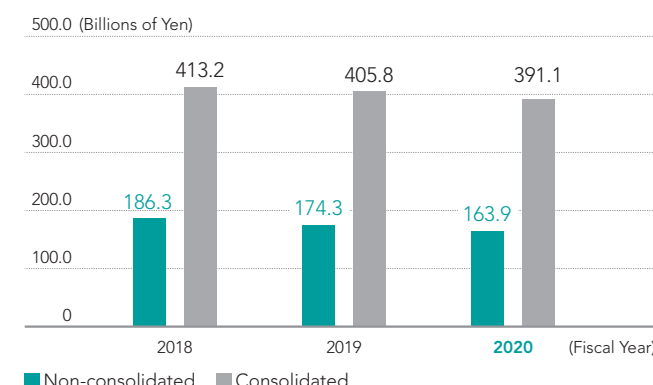
Status of Profit and Loss

Net Business Profit before Credit Costs\*



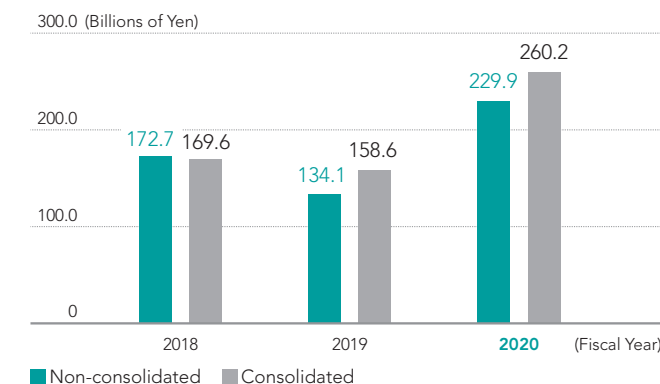
Net fees and commissions and related profit decreased, despite steady recurring revenue, mainly due to decrease in nonrecurring fee revenue. On the other hand, effective loan/investment related profit increased mainly owing to the improvement in domestic deposit-loan margin and the effect of a temporary boost in revenue from investments in partnerships, bringing the total profit to ¥294.7 billion, which is an increase of ¥5.6 billion from the previous fiscal year.

Net Fees and Commissions and Related Profit\*



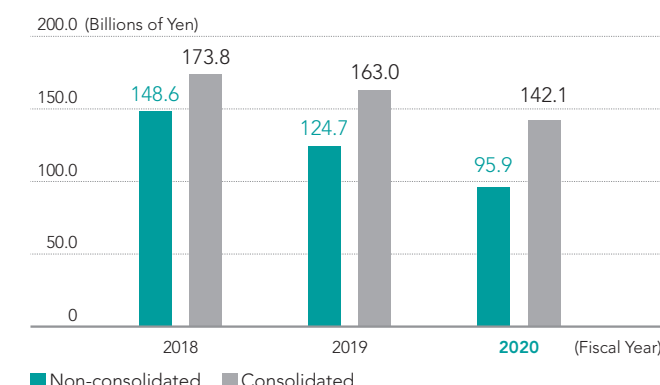
While recurring revenue related to asset management and administration remained strong, revenue related to investment management consulting services and nonrecurring revenue related to real estate brokerage services decreased due to self-restraint on business activities with the spread of COVID-19. This resulted in a decline of ¥14.6 billion from the previous fiscal year to ¥391.1 billion.

Net Interest Income and Related Profit\*



Nominal net interest income and related profit increased by ¥101.5 billion compared to the previous fiscal year. Effective profit increased by ¥18.0 billion, including profit attributable to deployment of foreign currency surplus funds, which is included in other operating income. The contribution factors include the effect of a temporary boost in revenue from investments in partnerships, as well as the improvement in domestic deposit-loan margin.

Net Income Attributable to Owners of the Parent



Although there was an increase in net business profit before credit costs, we recognized impairments of software assets, etc. with an eye on "new normal," partial realization of both unrealized gains on strategic-shareholdings and unrealized losses on hedge transactions, and improvement of mark-to-market value of hedging positions in net nonrecurring profits line and below. This resulted in a decline of ¥20.8 billion from the previous fiscal year to ¥142.1 billion.

Glossary

Net Business Profit before Credit Costs

Substantial profit of a bank's core businesses, calculated by eliminating the effects of non-recurring factors, such as total credit costs and net gains on stock from ordinary profit.

Total Credit Costs

Costs incurred in posting allowances for losses on loans and writing off loans.

Net Interest Income and Related Profit

Net revenues after subtracting interest paid on deposits, etc., from revenues on loans and securities investment.

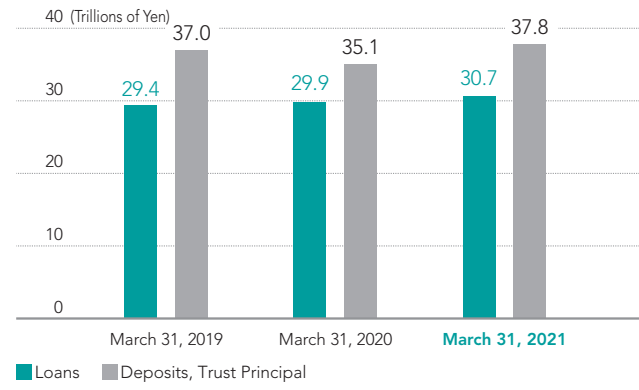
Net Fees and Commissions and Related Profit

Net profit of the sales fees of investment trusts, real estate brokerage fees, and trust fees for assets under management, etc.

Financial Status

Terms with an asterisk are explained in "Glossary" on page 136.

Loans and Deposits (Non-consolidated)

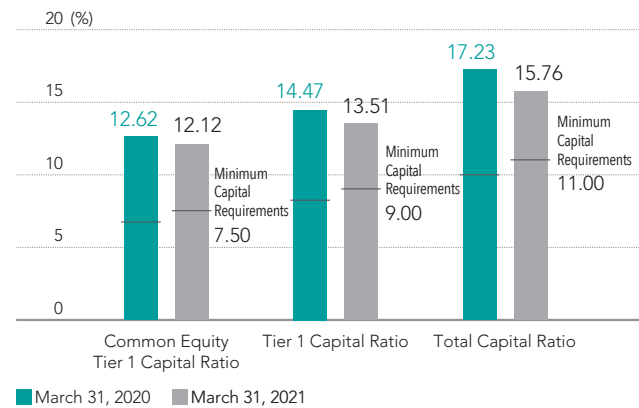


Both loans and deposits increased

Loans and bills discounted increased by ¥0.7 trillion from the end of the previous fiscal year to ¥30.7 trillion, due to increases in both mortgage loans and loans to corporations. Deposits, increased by ¥2.6 trillion to ¥37.8 trillion, mainly due to an increase in time deposits from corporate clients.

\* Deposits include the principal guaranteed trust account (loan trusts and jointly operated money trusts), but exclude negotiable certificates of deposit.

Capital Adequacy Ratio, etc.\* (Consolidated)

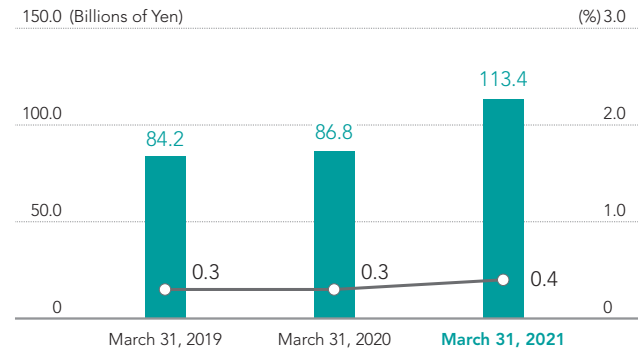


Coverage levels remain well above regulatory standards

Common Equity Tier 1 capital ratio decreased by 0.50 percentage points from the end of the previous fiscal year to 12.12%. The decrease was mainly due to an increase in corporate loans due to the COVID19 pandemic and an increase in bear investment trust (additional hedging) as a result of the rise in stock prices. Total capital ratio also decreased by 1.47 percentage points from the end of the previous fiscal year to 15.76%. Common Equity Tier 1 capital ratio as well as the total capital ratio remain well above the corresponding regulatory required levels of 7.5% and 11.00%, respectively.

**Basel III:**  
Basel III is a new capital regulatory standard that was announced by the Basel Committee on Banking Supervision in December 2010. Basel III, intended to enhance the soundness of internationally active banks, has been adopted in Japan as of the end of March 2013 in a phased manner. Basel III newly defines "Common Equity Tier 1," which is comprised of capital components that can be used to cover unexpected losses and do not need to be repaid, such as common equity and retained earnings, and requires that the ratio of those capital components to risk-weighted assets, such as investments and loans, ("Common Equity Tier 1 ratio") must be kept higher than a prescribed level.

Problem Assets Based on the Financial Reconstruction Act\* (Non-consolidated)



Problem Assets Based on the Financial Reconstruction Act (Left)  
Ratio to Total Loan Balance (Right)

Ratio to total loan balance remains low at 0.4%

The total balance of problem assets based on the Financial Reconstruction Act increased by ¥26.6 billion compared to the end of the previous fiscal year to ¥113.4 billion, with the ratio to total loan balance remaining at a low level of 0.4%, after an increase by 0.1%. As for the ratio of problem assets covered by collateral and the allowance for loan losses, the ratio was 90% for doubtful loans and 50% for substandard loans, both of which are deemed sufficiently high.

Glossary

**Problem Assets Based on the Financial Reconstruction Act**  
Assets for which disclosure is required by the Financial Reconstruction Act, and which are classified as follows. These are generally used in referring to "non-performing loans."

**Bankrupt and Practically Bankrupt**  
Assets to debtors who are legally bankrupt (due to bankruptcy, corporate reorganization or rehabilitation proceedings, etc.), or virtually bankrupt.

**Doubtful**  
Assets to debtors who are not legally bankrupt, but whose financial conditions and business results have deteriorated, with a high likelihood that the lender will not be able to collect the principal or receive interest in accordance with the contract.

**Substandard**  
Assets more than three months past due and assets whose terms have been modified to support debtors through such means as interest reductions or exemptions.

**Capital Adequacy Ratio, etc.**  
Basel III defines the composition of capital in three steps: Common Equity Tier 1 capital, Tier 1 capital and total capital. The ratios obtained by dividing them by risk-weighted assets refer to Common Equity Tier 1 ratio, Tier 1 ratio and total capital ratio, respectively.

**Common Equity Tier 1 Capital**  
Common Equity Tier 1 capital is composed of core capital, consisting primarily of the capital stock, capital surplus and retained earnings.

**Tier 1 Capital**  
Tier 1 capital is composed of Common Equity Tier 1 plus Additional Tier 1 capital, which includes preferred shares, etc.

**Total Capital**  
Total capital is the total amount of capital, composed of Tier 1 capital and Tier 2 capital, which includes debt capital such as subordinated debt and subordinated loans.

Corporate Information (as of March 31, 2021)

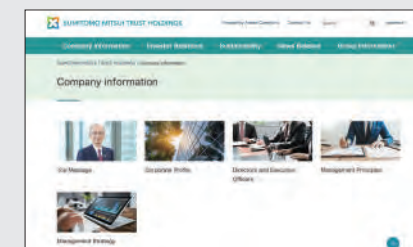
**Registered Trade Name:** Sumitomo Mitsui Trust Holdings, Inc.  
**Headquarters Location:** 1-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-8233, Japan  
**Date of Establishment:** February 1, 2002 (Change of trade name: April 1, 2011)  
**Main Business:** With trust banking at its core, Sumitomo Mitsui Trust Holdings, Inc., will focus on the management of business operations, as the holding company of the Sumitomo Mitsui Trust Group, and sets the following (1) - (8) as its key functions:  
 (1) Supervising management strategies  
 (2) Supervising financial management  
 (3) Supervising human resource management  
 (4) Supervising general affairs management  
 (5) Supervising business process management  
 (6) Supervising risk management  
 (7) Supervising compliance management  
 (8) Managing internal auditing  
**Capital:** 261,608,725,000 Yen  
**Stock Exchange Listings:** Tokyo, Nagoya Stock Exchanges  
 Tokyo (1st Section), Nagoya (1st Section)  
**Securities Code:** 8309

Rating Information (as of June 30, 2021)

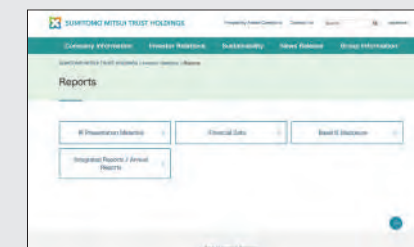
		Long-term	Outlook	Short-term
Sumitomo Mitsui Trust Holdings	JCR	AA-	Stable	—
	R&I	A	Stable	—
	S&P	A	Stable	A-1
Sumitomo Mitsui Trust Bank	Moody's	A1	Stable	P-1
	Fitch	A-	Stable	F1
	JCR	AA-	Stable	—
	R&I	A+	Stable	a-1

Website

Please go to our website for specifics on our Group.



About The Sumitomo Mitsui Trust Group  
[https://www.smth.jp/english/about\\_us](https://www.smth.jp/english/about_us)



Reports  
<https://www.smth.jp/english/investors/report>



Sustainability in The Sumitomo Mitsui Trust Group  
<https://www.smth.jp/english/sustainability>

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