

Investor Meeting on Financial Results for 1HFY2017 (November 21, 2017) Questions and Answers

Q1.	<p>A question about your digitalization strategy. Regarding your aim to “reduce branch workload by 50% in the medium term,” and “further allocation of human resources to frontline marketing,” what is the actual timeline you have in mind to achieve tangible results?</p> <p>Also, please comment on how significant the allocation to frontline marketing would be in terms of actual staff headcount.</p> <p>In addition, please let me hear your views on other benefits of this strategy.</p>
A1.	<p>It is not easy to quote a firm schedule, given rollout plans for in-branch use has some schedule uncertainty and, there are staff acclimatization issues to the new workflow. As an estimate, if we are to put the reduction of branch workload in numbers, I think it would be around 1,000 staff.</p> <p>We will further utilize our workforce through reassignment to frontline marketing as well as increasing workforce in growth business areas.</p> <p>The reassignment would allow reduction of backoffice space in our branches in addition to increasing our marketing staff. We will review the utilization of redundant office space on a case-by-case basis, but options would include reducing branch footprint or expanding consultation areas.</p>
Q2.	<p>It has been six months since you became President, please tell us how you aspire to steer the Group from the viewpoint of enhancing corporate value, now that you have observed the view as President.</p>
A2.	<p>During the six months as President, I have been feeling and thinking about “conviction and sense of crisis,” “speed-up and challenge.” I have deepened my conviction that our direction to offer comprehensive trust services as a total-solution to our clients is the correct path.</p> <p>On the other hand, I am concerned that, as mega banks have also steered their businesses towards consulting which is our core strength, our competitiveness would erode if we become complacent and stand still. That is the reason why I feel that we need to accelerate our endeavors to execute the plans outlined in our Midterm Plan.</p>
Q3.	<p>Regarding the Group’s fee business income, please comment on issues that exceeded and underperformed your Midterm Plan’s expectations. Regarding business areas that did not go as planned, please let us know your recovery ideas.</p>
A3.	<p>Area that exceeded our plan is real estate business. Both SuMi TRUST Bank and SuMi TRUST Realty are doing well. Real estate prices have risen to some extent, but our strategy to expand the number of transactions have worked well and we are expecting stable growth of this business.</p> <p>An area that is slower than planned is asset management consulting. But, we have seen our sales increase due to favorable market environment in late first half. To stabilize our earnings, we are aiming to expand our client base and increase the ratio of recurring revenue.</p>
Q4.	<p>May I assume that your total payout ratio of 40% remains unchanged even in the event of some</p>

	changes due to the finalization of Basel III regulations?
A4.	Yes, our dividend payout ratio remains unchanged even taking into account of finalization of Basel III regulations.

Q5.	Regarding your share repurchase exercise in August, please explain the background and thinking behind the decision. Also, do you intend to make additional repurchases in the future in a flexible manner?
A5.	Since we announced our policy to strengthen shareholder return in May, we had a strong desire to demonstrate our commitment to the markets and our investors. I cannot comment on whether we will conduct any additional share repurchases during this term, but our decision shall be based on an overall assessment of business environment, profitability and share prices.

Q6.	The company transitioned to a company with Three Committees and Mr. Matsushita assumed the role of Chairman of the Board. What changes have taken place in the proceeding of the meeting? Also, I would like to learn about the support provided to Mr. Matsushita.
A6.	Since our transition to a company with Three Committees, I believe that the support provided to Mr. Matsushita and other external directors are substantial. As organizational support, we have established a Corporate Secretariat to assist external directors, and spending time on extensive lectures before and after the meeting. We will continue to work to enhance the functionality of the operating structure.

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